to increase much faster than it did during the First Plan period. Owing to the lack of employment statistics, the total estimate of non-agricultural employment growth has not been worked out, and in particular the increase of employment in the unorganized sector of the national economy, small trade, catering, small-scale building and construction, personal services, etc. have not been assessed. However, the growth of workers and employees in the organized sector had been estimated within the framework of the elaboration of technical-economic studies. This is, in fact, the most important section of new employment becauses it has to carry on the most responsible tasks with regard to economic and social development.

9. *Industry.* — During the 1954 - 1959 period the number of persons employed in the manufacturing industry, mining, and electricity, should double. The largest increase of employment is expected in the manufacturing industry, which presents the most propulsive sector for creating new employment opportunities. However, although it is relatively very large, the increase of employment in this sector is modest in comparison with the total increase of employment in the course of the next five years, which will amount to about 34,000 people, or 3.4 per cent of the total active population.

10. The new employment which will be created during the coming five years in mining, power, manufacturing, can be occupied only by persons who possess adequate qualifications. The character of the qualifications and the jobs in these activities, as well as the economic results which are anticipated, do not permit that success be jeopardized by the use of inadequate manpower. This refers equally to the administrative and technical personnel and to the workers. In the total of about 34,000 persons who will be employed in these activities there will be about 3,600 administrative and technical personnel, or about 11 per cent. The majority of the technical and administrative staff to be employed should come from technical and special secondary schools, colleges and universities. It is necesary for this personnel to be educated in time, so that a lack of personnel will not imperil the realization of the investment and other tasks in the respective acivities. Of over 30,400 operatives and supervisors who will be employed in these activities, the majority will have to achieve certain skill previously while part will be able to train on the spot. Special attention will have to be devoted to the training and developing

of foremen and supervisors on account of their roles in the functioning of the new industries. This large and difficult task will to a certain extent be facilitated by the fact that the majority of new employment is expected after the third plan year, therefore there is sufficient time to undertake the necessary measures for education and training.

11. *Other Sectors.* — It has been estimated that in the 1954 - 1959 period the increase of employment in other sectors of the economy, such as transport and communications, commerce, handicrafts, catering and tourism, will rise to 130,000 persons. These activities will develop mostly on the basis of private initiative, where small business occupies an outstanding place. This naturally facilitates the training of personnel for these activities, the more so since the increase of employment will be spread throughout the country. It is a favourable circumstance also, that big enterprises like the railways, telecommunications, P.T.T. services, and large-scale catering will themselves be able to provide the necessary personnel on the basis of experience attained in former years and with the existing training facilities. Meanwhile, it will be necessary to devote full attention to employment in new building enterprises, especially in order to qualify, in the shortest possible time, graduates from the respective colleges to carry out larger-scale building, construction, and designing.

12. ***Public Works*** on a large and labour-intensive scale of national, regional, and local character are a very efficient method of additional employment of the rural manpower. This method is well known in many countries and has produced very encouraging effects in many respects. Work carried out by inexpensive rural labour should be extended to the construction of roads, schools, hospitals, local water supply, soil amelioration projects, afforestation, etc. The benefits of this kind of infrastructural work and of other similar investment projects are manifold. It must be primarily pointed out that capital, as a scarce factor in economic development will be partly substituted by labour, whereby the major part of investment works will increase. In this way projects needed for the development of education, public health, local transport, water supply, etc. will be carried out in the most inexpensive manner. In addition, the boundaries of the domestic market will be extended and contribution will be made to the process of monetizing subsistence agriculture. In some cases, particularly in

road construction, this method will contribute to a saving on imports of expensive equipment. Supplementary employment of the rural population also contributes to an increase in the labour efficiency of the people by introducing new knowledge, which also has positive psychological effects. This is a very important consequence of the labour intensive schemes, which may bring future employment to rural manpower in industry and other nonagricultural activities.

Government and Social Service Employment

13. It is expected that the number of persons employed in the Government and Social Service institutions will increase by about 12,000, and that the largest increase of new employment will be in education and public health, considering the significance which is given to these activities in the coming five-year period. The expansion of employment in the Government institutions has to be very moderate and restricted, so that it does not cause an undesired increase in Government expenditure, and imperil the planned distribution of the gross national product, with adverse repercussions on the volume of investments and the pace of the economic development of the country.

14. The major part of the new employment will have to be covered by the existing secondary schools and the University. It is anticipated that the needs for primary school teachers and elementary medical personnel will be provided for by extended education. Much more attention will have to be devoted to the education of highly qualified Ethiopian personnel, especially professors and physicians, so that the number of foreign experts will not increase with the growth of those social services. Concerning public servants it is necessary to emphasize that although their number will increase only slightly, significant improvement must be accomplished in all sectors of the administration. It will, therefore, be necessary to encourage further training and education of the existing personnel, primarily by evening classes and special courses which should be continued at the University in agreement with the respective departments. In addition, all the Ministries and Government Agencies should organize in-service training and specialized courses for their personnel and base promotion on the knowledge and skill which can be achieved by these methods.

Employment Policy and Training

15. It is necessary to emphasize that an adequate solution of

the labour force problem is the key to the realization of the programme of economic development of the country. The training of the newly employed officials and workers is therefore an extraordinarily important task, which at the same time is very complex. If a relatively easier and spontaneous process of training can be assumed for small businesses in commerce. handicrafts, catering, and to a certain extent transport, the same cannot be said for industry, mining, power, the organized agricultural sector, social services, and Government institutions. Here the participation of educated personnel in the anticipated new employment is relatively high. The whole school system must therefore be adapted to the needs of economic development in order to provide the necessary number of persons with adequate qualifications in as short a time as possible. This is the fundamental condition for achieving the planned targets of economic development and the only way in which economic development will rely upon domestic experts. It is, however, necessary to assume that in the course of the next five years the training of personnel will fall behind the needs of economic development and the development of the social services. In addition, in the next five years Ethiopia will still have to depend on the aid of friendly countries in respect of qualified personnel. For this reason an efficient policy in the employment of foreign experts will have to be carried out, because they will be expected not only to execute current economic work but also to contribute to the training of Ethiopian personnel. In the forthcoming period the school system will have to secure domestic middle and highly qualified personnel, so that the need for foreign experts may be reduced, particularly in industry, mining, power supply, and agriculture. It is necessary also to insist upon higher training and efficiency of domestic personnel as one of the fundamental tasks in the employment policy.

16. Recruiting and qualifying the workers who are needed for the new industries presents an important component in the implementation of the Second Five Year Plan. The employment policy in the course of the Second Plan cannot rely only on the systematic training of the young people for their future jobs, but has also to reckon with the employment of adult persons who do not have the necessary general and school qualifications, and whom it will be necessary to

train for new jobs before employing them. Naturally, this is a handicap to all the new industries, the technology of which is not yet known in the country. This circumstance, however, does not imply that the Second Plan's tasks cannot be realized owing to a lack of skilled workers. Recent experience has shown that Ethiopian workers acquire skill in their new jobs very quickly, as has been proven in the textile industry, in the operation of large agricultural machines, and in the footwear, sugar and other industries. In order to shorten as much as possible the time necessary to adapt the workers to the techniques and machinery, the new industrial enterprises will have to establish corresponding training facilities. Parallel with this the Second Five Year Plan anticipates taking measures to instruct and train young workers regularly.

17. Special attention should be devoted to the training of young people in arts and handicrafts, those which will develop in the rural areas, as well as those which are of urban character. The village craftsmen should be instructed in those crafts which will develop after the introduction of improved tools and implements, better housing, water supply, etc. The programme of National Community Development and Agricultural Extension Service will have to be adjusted to perform this task, because they will jointly have to influence the advancement of village handicrafts. As for town handicrafts, it will be necessary gradually to oblige the craftsmen to take young people as apprentices and instruct them in the various handicrafts, so that they may acquire necessary skill and knowledge through practical training and supplementary education. Apprenticeship should be one of the methods of systematically training and preparing a new labour force during youth, which is undoubtedly the best and most efficient way.

18. *Managerial and Technical Personnel.* — Economic development depends largely upon the possibility of providing a sufficient number of capable executives. It calls for a considerable number of talented organizers of production, who cannot achieve capability in any regular school. Managers of factories and other productional units are recruited from among persons of various school qualifications, and as a rule they are not trained but selected. This has been proven by practice in all countries. If the choice has been well made supplementary education should complete the detailed knowledge, for which

it is necessary to utilize out-of-school methods. However, the selection of managers does not mean that it is not necessary to devote special attention to their creation in the schools. In the sphere of the university curriculum it is necessary to find a place for subjects which are necessary for executives in the economic development plan, whether for their higher training or supplementary education.

19. Selection of executive personnel is extraordinarily important for the fulfilment of the Second Five Year Plan of Ethiopia. Its significance is a consequence of two opposite components: first, the requirements of economic development are relatively very large, and secondly, there are no ready-made executives, so that selection is limited to potentially capable excutives who should be trained. Since the Government, as well as the private entrepreneurs, develops as a direct bearer of investments and economic development, its participation in selecting productional organizers and executives will be in proportion with its participation in financing economic development. In connexion with this it will be necessary to set up standards in selecting managers and other responsible executives in production.

20. Besides the administrative personnel it is necessary to secure a sufficient number of highly qualified technical personnel. Engineers and other experts have to organize the process and supervise production. It is estimated that during the 1954 - 1959 period the requirements of the economy and other activities for executive technical personnel will amount to about 300 persons. In order to qualify a sufficient number of capable executive technical personnel in time, any opportunities to send them to friendly countries for specialization will be taken, particularly for the new large projects within the range of the investment programmes.

Labour Legislation and Employment Exchange

21. With economic development, labour legislation gains increasing significance, as more people are employed labour relations become more complex, and consequently should be legally regulated. Steady employment is not only a present-day social demand but also a condition for achieving skill and qualification as well as more efficient work. It is therefore necessary to enact laws which will regulate the rights and obligations of the workers and employers. Legislation should also create conditions for establishing a system of apprenticeship in order to create qualified manpower, as well as to protect the

working youth.

22. Particular attention should be devoted to the establishment of employment exchange bureaux, because visible unemployment is spreading in recent years. In addition, the scarcity of qualified labour-technical operatives, as well as skilled workers, requires a better distribution of the available skills. Besides co-ordinating the planning of economic activities and education with a corresponding policy of granting scholarships for education abroad, the existing qualified labour force will have to be better utilized. The Government will therefore establish labour exchange bureaux whose task will be to study the causes of unemployment and the demands of labour, and to facilitate employment exchange. Labour exchange should not be considered as a measure of welfare policy, but as a means to advance economic development. This implies the co-ordination of the labour exchange with the development of various economic and social activities and the carrying out of studies and surveys which will facilitate the formulation of an employment policy.

Chapter 21

SOCIAL WELFARE

1. Social Security, housing conditions, local environment, and other services which contribute to the welfare of the population, form together the important components of the standards of living. The availability of the services concerned is closely associated with the level of economic development the country has attained. The need to improve all these aspects of life is very great, but the pace at which it is possible to proceed is basically determined by the speed at which the whole economy is able to expand. In the present stage of economic development in Ethiopia the standard of living as a whole should rise, so as to provide mainly for demographic changes, leaving also room for some increase on per capita basis. It means that the financial and other resources the Government will be able to engage for social welfare services are on a modest scale. However, with the policy of utilizing scarce resources in such a manner as to achieve the most desirable social results and with the maximum effort in the mobilization of all local resources as well as with the co-operation of voluntary organizations, it is expected that many achievements under the social welfare programme can be expected even in the next five-year period.

Social Security

2. The Social Security Programme is becoming more significant with the change of subsistence economy into monetary economy, and with the gradual disappearance of family organization of rural economy, yet this process has only recently begun, since at the beginning of the Second Five Year Plan not more than 210,000 workers and employees were employed. This is a very small population for calculating all social insurance risks; in addition the non-agricultural population is very heterogenous, with respect to its legal status and level and source of incomes. For this reason it is necessary to approach the introduction of a Social Security Programme with caution and only after due research and studies are made.

3. The research and the implementation of the Social Security Scheme should be carried out in three directions: (a) for public servants, toward creating a Pension Fund on the basis of proportional payments by the Government and the employees; (b) for workers and employees in public and private business, a Provident Fund

scheme is recommended which should be created by the participation of both employers and employees in the business; (c) for the professionals, businessmen and others, on a life insurance basis, in conformity with the principles on which the kind of insurance operates.

4. In a modern state social security is becoming one of the essential rights of man. Its introduction in Ethiopia is made difficult not only by a narrow demographic basis of those to be insured, but also by low personal incomes and limited possibilities for the Government's financial share. Nevertheless, Social Security must by no means be left to chance or private interests. The Government should take full responsibility, because it is the only authority competent to lead the right policy in the field of social security in respect of both its social and financial aspects.

5. On August 31, 1961 (G.C.) the Public Servants' Pension Decree was adopted, providing rights and obligations in this respect. The current old age pension scheme should be financed from the current State revenue as anticipated by the 1955 Budget. The total amount provided for this purpose for the five-year period is Eth. $ 12,096,000; this money is actually the State's contribution to the pension scheme, although it will be consumed over each current year.

6. The public servants' contribution is estimated to be 3 per cent of the total personal emolument per annum; this money should be allocated to the Public Servants' Pension Fund to yield the usual interest. It is envisaged that in this way the total amount to be directed to the Fund during the next five years will amount to Eth. $ 20,200,000. As a typical small saving scheme, the money provided for the Public Servants' Pension Fund will be used as a part of the Investment Fund for development purposes.

7. According to the Decree, the Government's contribution to the Fund would have to be larger by about Eth. $ 8 million. But owing to the great demand for funds needed for financing development and other projects planned for the next five years, this payment will have to be postponed and actually effected in the years after 1960. As the current expenditure estimates of the old age pension scheme are very rough, should the actual expenditure be higher than estimated, the Government will have to cover the balance within the possibilities offered by saving on other budgetary expenses. If, on the contrary, the actual expenditure is smaller than forecast, the

difference will be transferred to the fund immediately.

8. A Government Agency which will deal with the organizational, financial and other questions related to the Public Servants' Pension Scheme should take care of other aspects of Social Security. This agency will have to undertake necessary research on the basis of which early legislation concerning the introduction of a compulsory Provident Fund for those employed in bigger public and private business will have to come forth. The agency will also encourage the life insurance scheme among professionals and businessmen.

Housing and Urbanization

9. There is a lack of statistics to provide a basis for the proper assessment of actual housing conditions in the country. Nevertheless the essence of the housing problem is well known and two major aspects of it should be pointed out, (a) the unsatisfactory standard of traditional rural housing, and (b) the socially unfavourable housing conditions in urban areas, affecting the middle class and particularly the poor sections of the urban population. Here only the housing problem of urban areas will be tackled while the improvement of housing conditions in rural areas, which requires specific approaches, is dealt with within the community development programme.

10. Urban housing has recently been improved, especially in Addis Ababa and other large towns, but there has been a tendency to build expensive dwellings of a high technical standard, so that housing absorbed a large part of the total investments without producing the desired social effects viz. the improvements of housing conditions of large sections of the urban population.

11. At this stage of economic development the Government is unable to solve housing problems by providing a great share in the financing of housing construction. However, housing conditions being one of the most essential components of the standard of living, the Government should intervene in this very vital field of the human life. Government policies have to become an important factor in the rational use of available funds, aiming at the improvement of the housing of people who need it most urgently. To this end the following main objectives are set out for the Second Five Year Plan period:

(a) Inexpensive housing projects must be encouraged and given the fullest support. A suitable credit policy has to help by giving priority in the supply of inexpensive credits to the low-cost housing scheme, undertaken in the first place by municipalities and co-operatives;

(b) The different Government Agencies must begin to work out technical norms and standard designs for a mass construction of moderate and low-cost healthy dwellings, taking into account the need for utilizing cheap, traditional materials which are locally available;

(c) for the accomodation of technical and expert staff in the non-urbanized area where new bigger state development projects are to be erected (ports, mines, pilot farms) the necessary funds for house construction will have to be provided by the Government;

(d) legislation and other regulating measures have to be introduced to help the development of building activity;

(e) the letting relations between the landlords and tenants have to be prescribed by legislation in order to lay down clearly the rights and duties of both sides.

12. It has to be pointed out that the greater part of these funds will be spent on rural housing. From the Bank loans only Eth. $ 10 million are foreseen for housing, and this amount is reserved mainly for the construction of dwellings connected with development projects. The investment policy should favour the construction of low-cost housing projects, which will, together with the regulation of the leasing relations, undoubtedly contribute to the easing of the present housing problems.

13. The growth of the existing, and the creation of new urban centres that the economic development will bring about in the future, require that due attention be paid to town planning. Withing a broader framework of the regional development programme, town planning in Ethiopia has to be concerned with a proper arrangement of urban areas through the allocation of land for industrial, agricultural, residential, cultural and recreational purposes as well as with the development of communications, of the network of public utilities and other services. In this sense town planning constitutes an integral part of the national planning of economic and social development, and represents the only rational way of solving the complex problem of co-ordinating various activities and generating a healthy atmosphere in the life of the community.

14. To carry out all these tasks successfully in all municipalities

is obviously beyond the capacity of the material and human resources at this stage of development, and the whole programme has to be viewed as a long-term objective. However, a good deal of work should start during the next five years. One of the most important tasks would be to lay down, at first, general principles for the designation of land for industrial and other economic purposes on one hand and residential purposes on the other.

15. It is the municipality which is primarily responsible for the planning, organization and financing of the work in this field. The principle of self-help should be advocated extensively in order to exploit fully all available local resources. The Government should encourage and support the initiative of the municipalities in the field of town planning, and to this end, should see that all possible technical assistance and guidance is given to the municipalities in the matter of organization and working out of town planning projects.

Other Social Welfare Programmes

16. There is considerable need for organized social services to cater for the socially handicapped, rehabilitation of the beggars and disabled, juvenile delinquents, youth, woman and child welfare, etc. With the economic advancement of the society, with the rise of real incomes and cultural standards of the population, many of these needs disappear but some of them remain, others change their social impact and some even increase. However great are the requirements for giving the highest priority to the expansion of directly productive economic activities, various welfare services cannot be altogether neglected. The organized and planned action undetaken by the Government through its respective agencies not only aims at relieving human suffering, but also at showing the benefits of the Social Services that the rapidly growing economy will offer increasingly to society. This task has to be integrated into the development plans of Ethiopia.

17. The limitations of the available resources of the Government and the large possibilities of drawing on the voluntary services rendered by various associations of citizens, regulate the organizational pattern that has to be applied in this area. It is the Government that has the responsibility for setting out the social work policy in the country. The voluntary agencies, helped, encouraged, and co-ordinated in their work by the Government, will have to be, however, the main channels through which the implementation of the national

programme of social welfare will be sought. This applies equally to the municipalities whose position is similar to that of voluntary agencies, both in respect of financial means and the technical knowledge.

18. In addition to technical guidance and co-ordination, the Government will assist the various organizations by giving them financial help in the form of grants-in-aid, which are considered necessary for initiating and encouraging the amount of social work needed in the next five years. For this purpose a provision of Eth. $ 400,000 per year, or a total of Eth. $ 2 million for five years, is made. The principles underlying the policy of giving aid will be the following: (a) all social work institutions in the country must be registered with the Social Affairs Ministry; only organizations registered and approved will be given aid; (b) aid will be provided when the Ministry is satisfied that the proposed new programme or new institution is required to meet specific needs; (c) the aid is aimed at further stimulating the activities of voluntary agencies to raise their own funds; thus the agencies must continue their previous efforts, particularly since the aid is generally meant for new programmes on a corresponding basis; (d) as to the provision for various expenses, it is envisaged that the Government's financial help should cover up to 50 per cent of approved capital expenses, as well as up to 75 per cent in the first two years, and 50 per cent in the third to fifth years, of recurring expenses, while the rest should be covered by the voluntary agencies themselves.

19. Programmes for socially handicapped children and the rehabilitation of the physically disabled and beggars, are the types of social work for municipalities and voluntary organizations, which will enjoy priority in the Government's financial assistance during the next five years. In order to avoid duplication of work, the social welfare projects of the organizations such as Haile Selassie I Foundation, the Society for the Blind, the Social Service Society, the Fund for the Disabled and others, have to be undertaken in full consultation with the said Ministry.

20. In view of the extreme value of urban community centres in promoting the healthy and well-integrated development of the urban community on the basis of self help, five urban community centres will be establishred by the Government as pilot projects in different towns during the next five years. Each centre should serve about

3,000 families or 15,000 people, and in the beginning its activity will be limited to youth, woman and child welfare as well as to adult education. In establishing these centres, every effort should be made to mobilize local voluntary co-operation and so avoid all unnecessary budgetary expenses.

21. The rehabilitation programme of socially distressed persons should be also given its proper share in the Second Five Year Plan. The programme should consist of:

(a) rehabilitation of those socially condemned and thrown into jail. The Prison Authorities should see that the various trades and handicraft training given to the prisoners at the moment is well organized and undertaken in all such institutions. A system should be worked out whereby each prisoner is permitted, and is able, to save a portion of his earnings while serving his term of imprisonment. Such a saving will enable the individual to start life afresh after being discharged. This particular programme should be co-ordinated with the programme of settlement and economic development in general.

(b) the rehabilitation of youth so that delinquency and vagrancy among teen-agers is controlled and such youths are helped to become useful members of society. The achievement of this aim presupposes the proper reorganization of the existing remand home, and it will also be necessary for the Government to establish one or two new homes for delinquent children at selected places.

(c) The programme should give due attention to the correction and rehabilitation of socially disabled women. The energy and resources of philanthropic societies and welfare institutions should be combined to attack the problem by launching a rigourous campaign and working out programmes so that this female population can be rehabilitated and reclaimed for the development activities of the country.

22. The major aim of comprehensive planning is not only to raise the economic and social standard of the people, but also to bring about a cultural integration of the diverse population. Hence it is fitting to consider the assistance to be rendered to some of the backward areas inhabited by nomadic and semi-nomadic people to prepare them to participate in the development activities of the country. The

assistance may vary according to local conditions and necessities. It is also important to have thorough research on such communities during the Second Five Year Plan period to prepare the ground for specific assistance in future national plans.

23. Reliable data are essential for the assessment of the magnitude of the existing social problems, and for planning the social activities for the country as whole. Social research and surveys are to be undertaken during the next five years with the aim of providing information and adequate assessment of the physically and socially handicapped, as well as on methods for their rehabilitation.

24. Changes and amendements in the existing social legislation, such as the provisions for adopting children, the Vagrancy Act, the Children's Act, the Associations Act etc., are needed. New legislation is also needed in order to implement the programmes which will promote social health in general.

25. It is estimated that for the implementation of the objectives set forth in the field of various social welfare activities, a total of Eth. $ 3.6 million from Government funds will be spent during the Second Five Year Plan.

Out of this sum, Eth. $ 2 million will be extended to municipalities and voluntary organizations in the form of grants-in-aid. The remaing Eth. $ 1.6 million will be spent on capital and recurrent expenditure of the programme to be undertaken directly by the Government i.e. for the establishment and operation of urban community centers, homes for delinquent children and physically handicapped persons, as well as for research.

Chapter 22

COMMUNITY DEVELOPMENT PROGRAMME

1. The programme of community development is assigned an important role in the socio-economic development of Ethiopia in general, and in rural development in particular. The main purpose of these programmes is to unite the efforts of the people in the communities with those of the governmental authorities, to improve the economic, social and cultural condition of the communities, to integrate these communities into the life of the nation, and to enable them to contribute fully to the national progress.

Recent Experience

2. The community development programme was taken up as a result of the Order of His Imperial Majesty Haile Selassie I. No. 15 and 16 of 1957 (G.C.). Since its inception five years ago, the programme has been tried in 15 areas. The programme includes training of village-level workers, and so far 92 village-level workers have been trained. Some qualified young men were sent abroad for further studies in the field and 14 of them have come back and are actively participating in the programme.

3. The First Five Year Plan allotted a sum of Eth. $ 25 million for the community development programme; unfortunately, this sum was not appropriated due to financial difficulties and other factors. However, the Ministry of Community Development has managed to start the programme with its small budget of Eth. $ 1.3 million a year. The contribution from the communities is estimated at Eth. $ 300.000.

4. The activities undertaken differ from area to area, depending on the needs and circumstances of the villages of the Community. Some of the activities include building of village roads, construction of school buildings, digging of wells, advice and technical aid on animal husbandry, improvement in house structure, advice on better farming, gardening, change in dietary habits, hygiene, etc. A few District and Village Development Committees have been set up in some of the areas. The role of these Committees differs from place to place but the common task they perform is to co-ordinate the work in the Districts.

5. The programme of community development has not gone far

beyond the blueprint stage, but in spite of all the difficulties it came up against, it has shown some hope of change in the outlook of the people in the rural areas. People have come to realize the principle of self-help and self-reliance. In all the localities where the programme was taken up, the co-operation of the local people has been encouraging. This becomes clear from the fact that many members of the community have come forward, for instance, with a building erected by their own resources and initiative as a centre for community development activities. Some market places have been set up in a few centres, a number of community schools have been opened, and people have benefited from the experts' advice on animal husbandry, house maintenance, hygienic way of life, etc.

6. Though it is too early to assess the working of the projects, some useful experience has been gained and some difficulties have been encountered. One of the major difficulties in organizing community development has been a lack of co-operation and co-ordination of the various Government Departments in their specialized fields, the result of which was a duplication of work and waste of national resources.

Basic Tasks and Principles.

7. The basic tasks and principles of the community development programme in Ethiopia are the following:

(a) to mobilize the local resources, both natural and human, with the least reliance on the Government for assistance, in order to accelerate the socio-economic development of the community concerned;

(b) to make the people of the community realize the benefits of substituting new methods of production for the traditional ones, and thus to pave the way for a gradual transformation of the purely subsistence rural economy into one more monetized, capable of contributing its potential share to the economic growth of the country;

(c) to encourage the creation of co-operative societies in order to provide a wide and sound basis for an overall development;

(d) to provide basic education to the villagers in the fields of primary schooling, hygiene, nutrition, child care, housing, and organization to satisfy collective as well as individual needs;

(e) to encourage the people of the community to adopt the habit of self-help and self-reliance, and thereby change their psychological outlook of helplessness;

(f) to encourage the widening of the people's demand for higher standards of living in material as well as other spheres of social life:

(g) to make the rural community conscious of the importance of common aims and co-operative efforts;

(h) to increase the socio-economic development of the community so as to create favourable conditions for undertaking big projects and implementing them in these regions, and to ensure the most rational use of the resources supplied by the Government;

(i) to promote cultural integration of our diverse communities.

The achievement to be aimed at in the community development programme must be supplementary to the development projects initiated by the Government in improving the living conditions of the people.

8. It has to be borne in mind that it is only through a rapid industrialization of the country that firm foundations can be laid for a lasting upward trend in the social and economic development of the rural economy. In this process the community development programme will have to play an important role by creating favourable conditions which will enable the rural economy and its population to contribute more efficiently to the country's socio-economic advancement.

9. Economic and social changes are interrelated, yet if the possibilities for achieving quick economic results exist, the emphasis on the services to the rural community that will directly contribute to the improvement of economic activities may be decisive in setting in motion an accelerated socio-economic development in all its important aspects. The fact that the agricultural sector represents a big potential source of raising the national income in the years to come, calls for special attention to be devoted to the community development programmes in agriculture, with the aim of laying foundations for a speedy transformation of the traditional, subsistence agriculture into the more modern sector, without which the long-term sustained growth of the economy would not be possible.

This direction of the general policy is also suggested by the substantial rise in the quantity of agricultural output, with an accompanying increase of the real incomes of the rural people that can be expected through the introduction of comparatively simple new techniques and methods of farming.

10. While the meagre resources with which the Government can assist the community development projects will serve primarily for the advancement of agriculture and those activities which are more directly related to agricultural development, there will be plenty of room for local initiative in establishing the amenities that will lead to the improvement of general conditions of life in the rural areas. Those efforts will be encouraged and assisted by the Government within the limits of the financial means and trained staff available for these purposes, but above all through the provision of technical standards and designs for various work projects that could easily be used in different localities.

11. The choice of a proper strategy concerning the scope of the programmes in various stages appears to be an extremely significant factor for the success of the whole movement. It is important to realize that it is much more desirable successfully to accomplish the targets of a moderate, even small-scale programme, set for the next five-year period, than to embark upon a too ambitious campaign that may turn into many failures or at best bring about only very poor results. The soundness of this approach is strengthened also by the need for proceeding carefully in the choice of the organizational forms and programmes which will best suit the variety of conditions prevailing at local levels. Study, research and evaluation of the achievements and shortcomings, and the adjustments of the policies based on them, are indispensable if the community development scheme is to produce the most fruitful results.

The Programme in Various Fields.

12. *Agricultural Services.* — The basic objective, in common with other services of community development, is to educate and assist the rural people to use available resources more effectively. Owing to the extremely unproductive practices applied in farming, an important rise in agricultural production can be achieved if concerted efforts are made to teach the rural people (a) to use improved agricultural tools, (b) to use a new, more productive variety of seeds supplied to them, (c) to increase livestock production through the preservation of grass in various forms (hay silage), (d) to supply simple crop-rotation

patterns suitable to the local conditions of soil and climate and, (d) to start fruit and vegetable growing both for individual consumption and for marketing in the vicinity of towns. Planting trees and reafforestation, with its multiple benefits in terms of the protection of soil, provision of building material and fire-wood, moderation of the climatic conditions in the area concerned, should also be given full attention in the programme.

13. Attendant on these programmes will be the need for setting up small economic projects such as water mills, oil presses, nurseries for fruit trees and afforestation, which will make the community a more self-sufficient economic unit.

14. Marketing agricultural products, with the building of necessary storage facilities, should be promoted primarily through the village multi-purpose co-operatives, with the aim of speeding up the process of spreading an exchange economy in the rural areas and increasing both the productive and purchasing capacity of the people.

15. It is most important to realize that success in getting the rural people to accept new and more productive practices in farming is conditioned by adequately resolving tenant relations. As long as the tenant's share in the produce of his work is very small, one cannot expect, in the areas where these relations prevail, that the tenants will be stimulated to put in extra effort to learn and apply any advanced techniques.

16. *Health Services.* — In the field of health, teaching basic individual and household hygiene and the popularization of other sanitary practices are the most important objectives, which, if successfully achieved, will not only provide an indispensable basis for future action aimed at raising the health standards of the rural population, but will also undoubtedly contribute to the process of acquiring new and progressive mental outlooks by the people themselves.

17. While teaching the people hygiene, in addition to the practices of regular washing and cleaning, of having separate couches, cups, plates, etc. for each member of the household, of having properly arranged places for the disposal of waste, the villagers should in particular be told of the danger of cow dung and that of other animals. They have to be advised to abandon the prevailing practice of having animals living in places near or inside the houses where the people live. As to village hygiene, the people should be taught the danger

of stagnant water in the vicinity of their villages and how to overcome it. Simple laundry improvisations should be erected along the riverside in order to avoid washing in polluted water. An especially important task in this field will be to make the people aware of the danger of drinking polluted and dirty water. and it is imperative that the people in villages learn how o dig wells for drinking water wherever possible.

18. The advantage of a more balanced diet for the promotion of the people's health, and the health of children in particular, has to be brought home to the village families. They must be encouraged to produce and consume more vegetables, fruit, and milk. and thus improve their dietary habits.

19. In order to enable a continuous and well planned campaign for the dissemination of basic education in hygiene, nutrition, and sanitation, and to develop the necessary health services, such as the protection of the health of mothers and children, the prevention and control of communicable diseases, the treatment of the sick and disabled, a network of health units has to be established. As this imposes high demands for doctors and other medical staff, medical supplies and equipment, the number of health centres that may be expected to be set up during the five-year period 1955 - 1959 will be on a very modest scale.

20. *Housing and Handicrafts.* — The actual housing conditions of village families are so poor that any organized effort for their improvement not only brings about better standards of living in itself, but appears also to be an essential complement of the measures to be undertaken in raising the health levels of the rural population.

21. The process of changes in the construction of houses has to be started in the villages covered by the Community Development programme. To this end the designs and instructions for building standardized types of houses that will meet the requirements of the environment and are based on the availability of local building materials, must be supplied by the technical staff. Experience may even promote housing projects on a co-operative basis and further lead the co-operatives to extend their activities to the manufacture of building equipment from materials locally available.

22. Furniture, such as tables, chairs and beds made by the villagers themselves should be popularized for use in every household.

Clay work should be promoted wherever possible, and stoves made out of the locally available material should be encouraged, so as to introduce a substantial improvement in the ways of cooking and preparing meals in the village families.

23. Much of the success in changing the existing pattern of farming and house building will depend on the availability of skilled people in various crafts. There is such a lack of these people in the villages that thorough vocational training has to be organized on a regional level so that a sufficient number of craftsmen will be supplied to the villages covered by the development programme. Traditional home industries, such as weaving, basket work, pottery, etc., have to be encouraged to provide employment and increase the purchasing power of the rural people, while artisan handicrafts should be commercially organized, particularly those serving agricultural needs.

24. *Education and vocational training.* — In addition to primary schooling which constitutes a part of the general educational programme, out-of-school adult education and vocational training represent a field where most urgent needs are being felt. It is within the community development scheme that determined efforts are to be made to light the spark of knowledge and inculcate a sense of values and achievement into the minds of the rural people.

25. It is important to give the young people vocational training which will enable them to acquire elementary knowledge and know-how in the fields in which the community development programme is launched (literacy, farming methods and techniques, hygiene, home economics and certain skills). Only then, when some people in the village have already become familiar with the benefits of the changes that will have to be introduced into their everyday life, can more fruitful results be expected from the village-worker's activities. The village worker would then be able to rely on the co-operation of trained young people, a whole team of enthusiasts, to spread the Community Development Programme.

26. Villages where the programme has been successfully implemented could serve as demonstration centres for training new groups of young people. In the fight against backward, deeply rooted traditional forms of life it seems essential that, at an early stage, those villagers who have already developed new attitudes and outlooks be used extensively as living mass media in spreading the concepts of

advanced forms of productive activities and higher levels of living.

Organization.

27. An integrated approach to a given area by different Ministries acting as one unit for development has to be the basic principle underlying the organizational pattern of the national community development scheme. A team of technicians and a district development officer will be located at the Woreda headquarters. This team will be assisted by ten village-level workers. In the first instance therefore, the unit of operation of such a team of ten village-level workers should not be more than about 18,000 to 20,000 people. This proportion is adopted on the grounds that in most parts of the country communication is difficult, and that intensive work of a trained staff among villagers, a necessary condition for advancing successful results, will require frequent visits to the different villages. In each area of operation the Ministries of Public Health, Education & Fine Arts, Agriculture, Public Works, Ministry of National Community Development, supported by the Ministry of Interior, will work together, co-ordinated by the Ministry of National Community Development. This will ensure an integrated approach on the part of the Government in dealing with the community as an indivisible entity.

28. The operational technical staff charged with the direct execution of the programmes in the selected areas is made up of a technical team at the area headquarters and of village-level workers. The technical team consists of the district development officer as the captain of the team, and of the district officers, technicians and specialists in agriculture, health, education, social work and public work, as its members. The village-level worker is a multipurpose worker duly trained in the techniques of community development and organization, who is to be the forerunner of the district technicians, including and organizing the Community to co-operate in carrying out special programmes which the district technicians will have to initiate and explain. The district development officer, being administratively responsible for the execution of the approved programme for the district, is authorized to supervise and guide the work of the village-level worker and to co-ordinate the work of the district technicians who, in technical matters, are supervised by their respective Ministries.

29. The programme for the period 1955 - 1959 envisages that a total of 40 - 50 Woredas, with some 800,000 - 1,000,000 people, will be

covered by the community development projects. The coverage could gradually extend in accordance with the planned increase of trained staff, so that the planned number of areas under the programme should be reached by the end of the planned period.

30. Great care has to be taken that the selected areas are normal communities with reasonable chances of success of the programme. This is an important principle for the start when one has to learn about the most adequate techniques to be applied in this country, and when quick results should enable these first districts to be used as demonstration centres.

31. The process of co-operation in planning and administration between different Ministries has to operate from the Central Government through a provincial and Woreda administration right down to the unit level. The Ministry of National Community Development is only the administrative and organizational channel through which the technical Ministries implement their programmes. Thus the agricultural, educational, and health programmes undertaken at the unit level are not the programmes of the Ministry of National Community Development, but of the National Government and particularly of those technical Ministries concerned with the programmes.

32. It is proposed that a National Board of Community Development be appointed to lay down general national policies pertaining to community development, to initiate all the activities needed, and for the proper execution of the programmes.

33. For co-ordination at all levels, central, district, and village co-ordination committees will be set up, these latter having officials, as well as 5 to 7 selected non-officials as their members to present the views and opinions of the people of the area concerned.

34. To spread the ideas of the community development pragramme among the rural people and to facilitate their co-operation in programming and building the projects, village associations such as Iqub, Eder, Mahber, as well as youth and womens' organizations will have to be called upon to give their full support.

Government Assistance and Financing.

35. In the programme of community development the fullest mobilization of available local resources, such as labour, material and cash, must be the underlying principle, and Government assistance is to be looked for only when and where it is indispensable and

essential. However, at this initial stage, Government assistance, organizational, material and financial, will have to play an important role in setting in motion the dormant potentialities of the communities.

36. Government financing of the national programme implies that each of the selected districts will be allotted a certain sum yearly for working funds and a lump sum for the whole five-year period, to provide for non-recurring expenditure. Thus, the use of these funds is not earmarked for particular projects in advance at a national level. It has to be originally specified in the district programmes according to the needs felt by the people in the respective areas.

37. The total financial resources to be employed for the programme of the Ministry of Community Development during the next five years would amount to Eth. $ 25.5 million, out of which about Eth. $ 14.7 million will be recurrent expenditure, while Eth. $ 10.8 million will be used for investment purposes. The above sum is apportioned as follows:

	Eth. $	
	Recurrent	Investments
Community Development	10.020.000	9.866.000
Training of Community Development Programme	1.504.000	153.498
Social Welfare	2.625.000	675.000
Training for Social Welfare Programme	282.000	10.502
Labour Exchange	344.000	68.000

38. One of the most desirable aids that the Government can give at the initial stages of the community development programme is by establishing a network of model farms, such as those already set up by a Government Agency at Awassa and Gibbe.

These projects form a part of the programme of agriculture but wherever possible they should also serve to demonstrate advanced forms of farming techniques to the villagers, and as a place for training development workers and young agriculturists.

39. It must be kept in mind that a national programme of this nature will remain only a blueprint unless an adequate number of professionally trained people is provided in all the fields over which the programme extends. Due regard to this aspect is paid in this Plan by making necessary provision to train some 900 agricultural

technicians, and 175 agricultural experts who should be college graduates, in order to meet the demands of the programme for the next five-year period.

40. Finally, if the Community Development Programme is to succeed, and if the maximum use of the limited resources of men, money and materials is to be made, planning must be undertaken at the village level by the people, assisted by the District Team. The Plan must spell out clearly the community contribution and state the nature of Government aid required. These village plans must then be co-ordinated at the District level and later at the National level. The final Plan must reflect realistically the best use of Government resources in different Community Development Districts and the programme must be executed according to a time schedule worked out in the final Plan.

Chapter 23.

REGIONAL DEVELOPMENT

1. Regional Development constitutes an integral part of the over-all planning of national socio-economic development. Even if this aspect is not explicit, it is still present in the chosen pattern of a country's development.

The absence from the plan of a regional approach leads to territorial distributions of production, social services, and population, which as a whole, cannot be considered rational or desirable either economically or politically.

Thus, in order to make planning contribute more efficiently to national socio-economic advancement, the regional aspect must be clearly stated and it must become one of the basic criteria in fixing development targets.

2. The choice of an optimum pattern of regional development is a complex task in itself, yet it necessarily assumes new and specific features when the peculiarities of Ethiopian conditions are to be fully reflected. By its nature regional development belongs to the sphere of long-term economic development. It is only in this setting that one can get a full picture of the benefits of Regional Planning. However, we must begin by assessing, as precisely as possible, the actual potentialities of each region, to be able to determine what can be the contribution and role of each region in the long term economic development of the country.

3. The assessment of the potentialities of various regions in Ethiopia for the country's economic growth are still in the initial stage. Prospecting for mineral and other underground wealth has so far covered only a small part of the vast Ethiopian territory. Though research and study have progressed more satisfactorily in the field of agricultural development in general, espcially in production, forestry, and hydro-electric potentialities of rivers, the area covered has remained limited and much more research has to be done in order to complete the picture. It would therefore be premature to work out a complete pattern of regional devlopment unless more information and knowledge on the country's actual potentialities are gathered. This has to be an important field of research, and in the period of the Second Plan more extensive work in that direction has to be continued.

4. The incompleteness of available statistics, however, does not preclude the possibility of making a beginning in regional planning in the Second Five Year Plan. The existing knowledge of the factors such as the size of the national territory and its basic geographic features, climatic conditions, the land, the communication pattern, the distribution of the population and the existing urban settlements, forms a framework within which an approach to regional development planning may be made. In this stage only some basic principles, which appear economically justified in the light of the facts known and which, in themselves appear as a logical and rational step in the elaboration and implementation of a consistent long-term regional development scheme, may be laid down.

5. Ethiopia is a vast, relatively underpopulated country with an uneven distribution of natural conditions for economic development. In such conditions transport assumes an important role and ranks among the most significant criteria when deciding on a regional pattern of economic development. Due to the long distances over which goods have to be conveyed, transport in Ethiopia has to be considered as a factor which tends to retard economic growth. Today the length of the route which one ton of goods has to travel between the producing or importing point and the consuming point amounts on an average to approximately 700-800 kms. In many cases transportation costs exceed production costs. Thus the economy and the achievement of optimum economic results on a nation-wide scale depend to the greatest extent on the minimization of the transport cost. This can be achieved if, to the greatest possible extent, the principle is adhered to of concentrating modern economic development in the economically most promising regions.

6. The main features of Ethiopian geography and land, point to that regional pattern of economic development which, among other things, also provides for an optimum shortening of transport routes and consequently for the minimization of the transport costs. Due to the significance of the production of raw materials in agriculture and their industrial manufacturing at the speed at which the Ethiopian economic growth would require, it appears that the river valleys stand out as regions whose development offers the most promising effects.

7. The research which preceded the elaboration of the Second Five Year Plan shows that an abundance of favourable factors makes the belt Shashamane-Nazareth-Awash-Tendaho-Assab one of the regions, having already some initial scattered development activities and communication facilities started — which deserves full attention in the Second Plan. There are ample possibilities for increasing the effectiveness of investments by bringing closer together the agricultural and the relevant industrial production, as well as by developing a network of complementary industrial undertakings. The development of agricultural production in this region will have to play one of the decisive roles in the fulfilment of the Second Plan's targets envisaged for the production of cotton, sugar, wheat, and livestock (in the areas bordering the belt). Accordingly, new industrial projects for processing the agricultural products will have to be established in the same region. The concentration of production activities will also bring about a concentration of consumers, so that not only the shortening of the routes for goods in process but also for the finished goods from the producers to the consumers will be effected, and thus a substantial part of the national income will be saved. By the same token the need for expanding the communication network will be reduced and it will then be possible to develop communications so as to cater for a large traffic and thus achieve better economic results with smaller investments.

8. Besides the Awash Valley, research has to be started in the Wabi-Shebelli and Blue Nile Valleys in order to assess the potentialities of these major river valleys. This research together with those which will cover the other river valleys, should provide a basis for the full elaboration of a scheme for the development of those economic regions which are built up around and along the main river valleys. It seems most probable that due to the accumulation of a number of favourable factors, these regions will constitute a coherent whole within which the largest part of the process of integration in Ethiopian economy will take place.

9. Geography has made the vast area known as the High Plateau quite homogeneous with regard to its natural and economic characteristics. It is a region that extends at a fairly uniform altitude, between two or three thousand meters above sea level. The fact that the plateau is bordered by many steep slopes has made this vast area virtually

an isolated territory, particularly as there have been no roads to give easy access to it. Yet this is the part of Ethiopia which is most densely populated, with very favourable conditions for the production of wheat and for raising livestock, sheep in particular. Afforestation can greatly protect this area from wind erosion and improve the water supply, which depends mainly on rainfall. The potentialities of this region for increasing agricultural production and building adjacent small-scale and other industries for the conversion of agricultural produce into processed food should not be neglected, and will have to become the subject of a special development scheme. The construction of roads will have to constitute the first phase in activating the economic potentialities of this region.

10. There are other regions — such as the forest-coffee production area — whose position is determined by the peculiarities and significance of their output to the national economy. Similarly future intensive prospecting for mineral wealth may open new promising industrial development areas outside the river-valley pattern. This will make it possible that in the future development plans, decisions concerning the allocation and timing of the investments may be based on a more elaborate scheme that points out the priorities and will thus contribute to the optimum growth of the economy.

Chapter 24.

DEVELOPMENT OF MUNICIPALITIES

The Municipality of Addis Ababa.

1. *Recent Development.* — In its efforts to discharge its responsibility in organizing and developing services necessary for the improvement of the living standard of the city residents, the Municipality of Addis Ababa has often been handicapped by the insufficiency of funds and the shortage of qualified personnel. Despite these and other difficulties, however, the City Administration has managed to undertake some conspicuous development programmes and services. The following are some of the major activities completed within the last few years:

(a) to supply the city population with safe and clean water the Gafarsa Dam has been built and is at present in full operation;

(b) a number of highways, for heavy truck use, and many smaller roads and side streets have been opened and are giving their full service to the city's growing fleet of vehicles and pedestrians;

(c) public squares and parks, children's playgrounds, public conveniences, rehabilitation centres for the poor, mother and child welfare clinics, cemeteries, market stalls and shops and car-parking places have been established;

(d) sectional land surveys are being carried out regularly and thousands of title deeds have been issued to enable proper identification of individual plots and properties. A project that deserves special mention in this respect is the completion of cartographical aerial photography of the entire City, which was so vital for the preparation of an accurate map and development plan of the city;

(e) a population and housing census which provides ample information necessary for the establishment and improvement of social and economic programmes was effectively carried out in 1953;

(f) to meet the need for a centralized office building for the City Administration the Addis Ababa City Hall is in process of construction;

(g) a large municipal market to provide shopping facilities for the public is in its final stage of completion.

The great cost that these two investment projects entail is justified by the significant role they will play in the growth and development of the city.

2. *Development targets.* — For the period of the Second Five Year Plan the Municipality of Addis Ababa will continue to improve all existing programmes and services. The overall development of the city will influence and require the expansion of different technical and social activities.

3. In technical services the construction of new roads of a total length of about 20 kilometres are anticipated. The improvement of the surface will include approximately 22 kilometres of existing roads. Water canals will be provided along the roads referred to in the length above. The expenditure for this road development is estimated at Eth. $ 32 million.

4. In order to alleviate the ever-increasing city traffic, new parking areas will be designated and developed on the main roads and squares of the city. The expenditure for this purpose is estimated at Eth. $ 6 million.

5. The construction of a Municipal market building which is in progress in the Addis Ketema District will be completed and subsidiary market places will be erected in different parts of the district. Plans have been completed for Municipal markets to be installed in such parts of the city as are directly accessible to highways leading to the provinces. The cost will arrive to some Eth. $ 500.000.

6. In addition to the existing St. Joseph Cemetery on the Debre-Zeit road, the plans for four additional cemeteries to be developed in appropriate parts of the city will be completed. One of these, Gullalie, will be ready for public use before the end of the five-year period. The costs of this work will amount to Eth. $ 1.5 million.

7. Certain localities have been earmarked to be developed for parks and green areas and the plan of these areas will be completed during the coming five years.

8. As industrial plants, hotels, hospitals and other such establishments increase in number, and as the standard of living in the city improves, the need for greater water supply is becoming more serious every day. Accordingly it has been found necessary to construct another dam that would meet the growing demand for clean and wholesome water. The proposed dam which has a capacity of fifty million cubic metres will be able to distribute up to 90,000 cubic metres per day. Subsidiary reservoirs will be constructed in several districts of

the city and pipe lines laid out. The cost of the construction of the above-mentioned dam, reservoirs and pipe lines in estimated at Eth. $ 15 million.

For the increased distribution of water from the existing dam, seven additional reservoirs and pipe lines will be installed in some districts which have not yet been able to use good clean water. It is estimated that this work will cost Eth. $ 2.5 million.

9. In order to improve the environmental sanitation of the city and to develop the Municipality's service to the public in respect of sanitation the following projects will be undertaken within the period of the Second Five Year Plan: (a) the construction of public sanitary units, (b) the development of a waste disposal grounds (sanitary landfill), the construction of an incinerator. In addition to these projects of sanitary improvement plans will be initiated to carry out a sewage system for the city. The total cost of these improvement projects is estimated at Eth. $ 5.5 million.

10. As an approach towards meeting social and economic problems brought about by urbanization the Municipality is launching multi-purpose pilot projects of urban community development in different sections of the city. A comprehensive urban community development programme which takes into account the residents' participation and the co-operation of voluntary welfare organizations and Government Agencies will include activities such as: mother and child welfare centres, leisure time activities for children and adults, mother craft training, vocational training and adult education, literacy programmes, housing improvement and improvement of sanitary conditions as well as the improvement of the local market and community roads. The Municipal portion of investment on these projects is estimated at Eth. $ 1.5 million.

11. In addition to the existing two fire-brigade stations two more stations will be established in appropriate locations so that the brigade will be able to reach any part of the city in case of accident. The construction of these stations will cost Eth. $ 250.000.

12. With a view to assist the development of the capital city, the Second Five Year Plan has provided financial resources to solve the major problems which arise from the fast growth of the population consistent with Addis Ababa's role in national and international life. Provision has been made to improve the city transport and

communications system, to continue town planning, extend the water supply and to improve the town sewage system. All of this is capital consuming investment which cannot be secured by local resources only, so that it had to be anticipated in the National Plan.

13. Additional projects are foreseen for Addis Ababa as part of the economic and social development of the whole country. In the extended Addis Ababa region new industries are to be constructed, especially those intended to supply the growing population with consumer goods. Due to its central position, Addis Ababa is expected to attract a great part of commerce and trade and other economic services. Education, particularly the University, and the various social and cultural activities will expand in Addis Ababa during the Second Plan period. All this points to the need for a planned and co-ordinated development of Addis Ababa as the capital city and in respect of regional development.

14. In order to co-ordinate all the programmes anticipated by the Second Five Year Plan with the local programmes, it is recommended that a Five Year Development Programme for Addis Ababa be worked out. The programme should particularly:

(a) summarize all the programmes and projects foreseen by the Second Five Year Plan in terms of additional economic and social activity, income, employment and population;

(b) estimate the part of the programme that the local resources can carry;

(c) assess the possibilities of improving housing conditions through low-cost housing schemes and self-help;

(d) co-ordinate the various development programmes of local authorities into a consistent whole and work out the priorities, bearing in mind the need to improve the living conditions of the local population.

Other Municipalities.

15. The Municipalities should so plan their programmes that they will effect local economic and social life. It is very important to get the attitude of the local population adjusted to the anticipated progress so as to achieve full effects, both direct and indirect. In addition, local initiative, both of business and of local authorities, is expected to bring changes. With the aim of encouraging economic and social development, the municipalities are recommended to elaborate

development programmes, based on programmes anticipated by the Second Five Year Plan, and on local forecasts.

16. The Government will help Municipalities to work out their programmes by explaining to them the objectives of the Government's Second Five Year Plan. It will also extend technical assistance for working out the techno-economic analyses, financial schemes, etc. Town planning on a moderate scale will be particularly encouraged by the Government, as well as inexpensive low-cost housing projects, the water supply scheme, sewage and others which improve the sanitary, health and living conditions. It should be pointed out that according to the priorities established for the Second Plan period the local development programmes have to be self-supporting. However, local initiative and undertakings may improve the living conditions if propertly co-ordinated and managed. In fact, here is the broadest field for improvements and progress to be achieved by the efforts of the local population.

Chapter 25

POLICY AND MEASURES

1. The general economic and social policy adopted for the Second Five Year Plan, as well as the policy concerning the main sectors, has been discussed in the preceding chapters in terms of development targets, resources and measures. In addition to the setting of the development programmes, it is necessary to adjust the economic and financial system, as well as the socio-economic institutions to the national objectives, so as to establish an adequate framework in which economic and social development can take place. As a matter of fact, the development plan and the institutional framework are an integrated unity, for the plan has to be implemented in an appropriate environment, whereas the environment has to be adjusted to the development targets. Moreover, many national objectives can be achieved only as an indirect effect of various development schemes. All this calls for a clearly declared general policy to be followed during the next five years and to be known to everyone concerned.

2. A national development programme viewed by economic and social circumstances can be implemented only if supported by the whole Nation. Neither the Government's efforts alone, nor the support of some sections of the population only, can lead to the fulfilment of the Plan. The Second Five Year Plan, which envisages important progress, calls for hard work and sacrifices. Its intention is to distribute equally both benefits and burdens among various sections of the population. In a democratic society of the Ethiopian type, the burden and sacrifices should not be imposed by the Government, nor should the fruits of the progress be limited to a small segment of the population. That is why the co-operation of the public is most necessary, and why it is one of the most important factors for a successful implementation of the Plan.

3. The idea to progress implies a conscious contribution of all citizens to various development programmes, according to their physical, intellectual and economic capacity. In fact, the fulfilment of the Second Five Year Plan requires a national awareness of the tasks and obligations and a planning-mindedness. It should also encourage the Nation's attitude in respect of progress and motivations concerning private and public affairs. Having great responsibility for the

implementation of the Plan, the Government will have to share it with other agencies concerned by distributing the tasks and responsibilities, through adequate information of the general public with regards to the objectives, achievement and failures, and by explaining how better to achieve the objectives set forth. Ethiopians are being faced with a great economic and social undertaking, therefore the information and educational functions of the Government will have to play an important role in mobilizing the Nation for the implementation of the Plan.

4. Today, all over the World, the principle that economy of a nation has to be owned and managed by the nationals has been accepted. Due to historical reasons a large part of Ethiopian business is owned or managed nowadays by foreigners. This must be Ethiopianized. Ethiopianization of the economy as conceived by the Second Five Year Plan by no means restricts or limits the rights of foreigners. It is an attempt to extend Ethiopia's wealth and income, to train Ethiopian technical and managerial staff, to establish new Ethiopian enterprises and to promote economic and social activity in all directions. Together with the Ethiopianization of the economy, the economic, social, and cultural relations with other countries and foreign citizens should be extended and strengthened, because the future development of this country provides sufficient room for both national and foreign undertakings.

Land Reform and Settlement

5. The advancement of agriculture and the possibility of having this largest sector of the national economy contribute its fullest share to the country's faster socio-economic development in the future, is conditioned by the magnitude of certain outdated relations in the agricultural sector. The peculiarities of a historical process of settlement and occupation of land in Ethiopia, have been brought about and preserved until the present. Among them the most important are (a) the multiplicity of ownership systems which are neither legalized nor clearly defined, (b) the legally undefined and varied landlord-tenant relationships which, in terms of both the size of population and the land affected, present a problem of the greatest importance. This situation is basically due to lack of legislation dealing with land ownership matters, as well as to a complete lack of cadastral surveys and registration of land.

6. It has to be pointed out that an important part of any increase of the agricultural output has to be realized by improving farming methods in the peasant sector of agriculture. As tenancy is the prevailing pattern of land utilization in many parts of Ethiopia, it stands to reason that no measures and policies aimed at the stimulation of peasants to improve their methods of farming and increase productivity could lead to the desired results unless the landlord-tenant relations are regulated in such a manner as to enable a tenant to share substantially in the increase of the product of his own efforts.

7. The lack of clearly defined ownership rights and land registration makes it impossible to use policies and other fiscal measures efficiently both to increase the saving capacity of the economy and to encourage and force the rational utilization of agricultural land. They could also contribute significantly to the solving of settlement problems in Ethiopia.

8. The studies that have been carried out so far indicate that the nature and magnitude of all major land reform problems involved are such that they cannot be solved in a short period of time. Their solution is, however, a prerequisite for starting the process of modernization of agriculture, without which no steady growth of agricultural output can be hoped for. The fact that an accelerated overall economic development is already under way does not mean that the problems of land reform can be left unsettled any longer. On the contrary, it implies that important steps towards their solution must be undertaken during the Second Five Year Plan. In the course of the next five years we must concentrate on the following aspects of land reform: (a) improvement of landlord-tenant relations, (b) progressive taxation, (c) abolition of out-of-date holdings, and (d) cadastral surveys and land registration.

9. *Improvement of Landlord-tenant Relations.* — Improvement and legal enforcement in this respect should include rent control, security of tenancy and legalizing leasing arrangements. Security of tenancy however, is not as acute a problem as rent control and leasing arrangements. But, to have a clearly defined status of tenancy, security with regard to minimum period and conditions of eviction

should be legalized.

10. Existing trends indicate that the rent and sharing arrangements do not encourage improvements of farming methods, nor investments, and this has resulted in the preservation of a very low productivity of those farms. It is necessary, therefore, to undertake pilot studies and careful analyses in different regions, on the basis of which rent should be determined and made legally binding on both landlords and tenants.

11. *Progressive Taxation.* — The limitations of infrastructure, physical and biological environmental difficulties, and political incidences have been causes for disproportionate distribution of population at the initial stage of the country's development. In areas (high altitudes) where the population pressure is rather high, the land has been subdivided into small and uneconomic units. On the contrary, where the population pressure is low (low lands and forests), huge and uneconomic units of land are owned by smaller groups of owners. Failure to check and decrease the continuation of both trends would hamper development, by giving way to maldistribution and misallocation of capital and labour, and under-utilization of potentially productive areas. With this in view, it will be absolutely necessary to impose a policy of progressive taxation. This is intended to persuade owners of lands to be confined only to areas they are economically able to utilize. In such a manner it would be possible to make potentially accessible areas settled and utilized by farmers who will move from densely populated areas, or to have them used by big commercial farms, either public or private. The analysis and setting up of the progressive model of the new tax has to be based upon careful studies of the existing taxes and their implication.

12. *Abolition of Out-of-date Holdings.* — Systems of holdings which are incompatible with economic and social development should be eliminated. Owing to the large variety of existing out-of-date ownership systems, the methods and procedures for abolishing them should be adjusted to the local circumstances. In establishing new relations, economic considerations, social justice and uniformity should be the main criteria. It is believed that the consequence of such action will be to increase Government revenue through including lands which were disguised in the taxation circle, and to give an impetus to economic and social development of these areas.

13. *Cadastral Survey and Land Registration.* — Cadastral survey is a basic condition of carrying out the overall policy of land reform. The taxable capacity of land even under the present system of land taxation could be tripled or quadrupled if uniform cadastral survey is carried out. The survey is planned as a long-term undertaking and it is intended that complete information about any piece of land should be clearly known and officially registered. This survey will also increase the availability of potential and accessible lands.

14. The above mentioned tasks, which constitute a part of a longer-term programme of land reform in Ethiopia, would have to be reconsidered in accordance with a detailed study undertaken by experts on the basis of an agreement between the Ethiopian Government and the United Nations Food and Agriculture Organization.

15. An autonomous Government Agency will be set up to deal with all responsibilities in respect of land reform, i.e., to carry out all the tasks which are set forth in this Plan. The agency should work out the most appropriate methods and procedures and establish a long-term working programme. For the next five years priorities should be given to the most promising agricultural regions.

Financial Policy and Measures

16. With the aim of providing sufficient funds for the implementation of the Second Five Year Plan, the national and State financial system has to be expanded and strengthened. With this in view Government policy and measures will endeavour to increase the saving capacity of the country, to secure necessary financial means for State expenditures, to acquire the foreign resources needed to implement the Plan, to encourage and promote investment in kind and to establish financial and other reserves to maintain a sound economic situation.

17. *National Savings.* — The Government's permanent policy is to increase the national savings in order to secure adequate financial resources to be used for investment. The increase in national saving demands a redistribution and restriction of the current consumption, both individual, general, and Governmental. In fact, if used for development purposes, saving is nothing more than postponed consumption which is being invested for the further growth of production. This is actually the philosophy of economic growth, that present

restraint in consumption will in the future result in larger consumption and better living.

18. The business community is recommended to save more by increasing production and turnover, and various Government measures will be introduced to reduce operational costs and avoid all kinds of unnecessary expenditure. To make the best use of saving, the community should either reinvest it or invest it in new undertakings. In addition to saving, a large part of depreciation should be used for additions and improvement in existing business. The Government will encourage all investment in productive sectors above a stipulated amount by appropriate progressive tax exemption according to the size of the investment. The Government will also start new profitable semi-public undertakings to encourage private savers to invest and to promote the upgrading of entrepreneurship. It will sell the shares of existing public companies to private concerns with the view of mobilizing private savings for productive purposes. The State Bank will extend its services, particularly the Current Accounts, to businessmen, in order to avoid the immobilization of the national saving.

19. A large-scale Small Saving Scheme should be launched by the Government through various financial organizations. Savings accounts with the Bank should be extended as a fair method of saving for old age and other needs. As soon as the post office services can be improved, post office saving will be introduced to serve, in particular, those areas where there are no banks. Insurance companies should expand the life insurance business, as well as other kinds of insurance. The Government will issue Government bonds and encourage the traditional methods of saving, which should be incorporated into the Small Saving Scheme. Small saving should get publicity, both in urban and rural areas; it should be advertised as a means which will assist the national development and provide the people with security. Special attention should be given to the mobilization of small savings to extend the financial basis for additional credit facilities.

20. Both forms of Government saving, increasing revenue over expenditure, and acquiring profits from the public enterprises, will be extended during the Second Plan Period. All the Government Agencies must use in the most efficient way the resources which are

made available for personal emoluments and other expenditures, and public enterprises have to be managed along the most profitable lines. The surplus of Government revenue over expenditure will be primarily invested in new public enterprises, and kept as a reserve for further Government action, as well as to maintain the stability of the national economy.

21. *Tax Policy and Measures.* — Conceived as a part of the Government's economic policy, tax policy should aim (a) at encouraging economic development in conformity with the objectives of the Second Five Year Plan and the long-term development programme, (b) at collecting sufficient financial means needed to carry out the Government's functions in the field of public administration, social services, economic services, and for economic development, (c) at distributing the tax burden among the taxpayers in proportion to their economic capability. The Government's taxation policy should contribute to maintaining the stability of the purchasing power of the national currency, by adequate allocation of direct and indirect taxes. The tax system should be properly co-ordinated with the growth of economic activity and with other financial measures to be undertaken by the Government and its financial agencies.

22. With this in view the Government will steadily improve the tax system in order to meet the growing needs of State revenue. Of course, additional income will be provided from the rising economic activity and by a better system of tax collection. However, the improvement in the tax system will also have favourable effects, both in their economic and social aspects. The deficiencies in the present tax system broadly suggest the following corrections. In order to achieve a more equal distribution of taxes, the rent tax and business tax should be combined, while progression in taxation should be sharper, as it is in other countries. This will also be necessary since the income which is being invested will be tax exempt for several years. The land tax and tithe on land should also be improved, both in respect of determining the basis for levying and of introducing progressive rates. The education and health taxes should be imposed not only on the rural incomes but also the urban, especially since the urban population gets more benefits from the social services than the rural population. The introduction of the death tax should also be

considered with the view to integrating all taxes into a consistent and modern system.

23. It should be pointed out that no direct and fast changes may be expected as far as relations between direct and indirect taxes are concerned. However, indirect taxes will have to be readjusted in the light of growing economic activity especially in industry and foreign trade. First of all, the indirect tax system has to be simplified in order to facilitate collecting and control of tax payments. Excise duty as the main internal indirect tax has to be adjusted to the present level of the customs duty, in order to transfer the unearned incomes of the domestic industries to the State Treasury. On the other hand, customs tariffs must perform a double task, to protect the domestic industry and to facilitate the foreign trade policy in respect of imports of capital and consumers' goods. With the view of creating a sound economic climate and of promoting the exchange of goods and services, indirect taxes should be properly co-ordinated and should form a unified system.

24. Various tariffs and other charges which are being paid to the Government for services which it renders through its agencies and institutions for individuals and corporations, should also be reformed. The charges should, in fact, cover a larger part of the cost of services concerned, and should be a regulator of the extent to which the services are to be developed. They should correspond to the actual benefits which individuals and corporations derive from the functions of the Government Agencies and social service institutions. Although it will not be possible to transfer many institutions which are subsidized by the Government to a new self-supporting basis, the principle of compensation of the costs should gradually be introduced even during the Second Five Year Plan period.

25. The Government financial agencies, both central and local will have to perform great and responsible tasks. Their organization should therefore be gradually improved, while efficiency will have to increase in all respects. The Government will provide the executive personnel with additional training and will undertake all appropriate measures to ensure the implementation of the legal procedures in public financial matters. Tax control will steadily have a greater importance in protecting both the Government's and the taxpayers' rights and interests. With all these improvements in view, both in

respect of the tax system and of the financial organization, it is to be expected that everyone concerned will carry out his duties and obligations, so as to facilitate the implementation of the Second Five Year Plan.

26. *Banking and Credit Policy.* — Banking and credit policy should be one of the most important instruments for the implementation of the development programmes. To meet the growing demand of the national economy the Government will promote all kinds of banking operations, with the aim of supplying the economy with sufficient money, mobilizing the savings and extending credits. The public banks will follow an active saving and credit policy, properly co-ordinated with the Second Five Year Plan targets and financial scheme. The Government will endeavour to maintain internal and external stability of the national currency with a view to creating sound economic conditions and to stimulating investment and production.

27. Credit facilities should be extended both for investment and current transactions. Credit should be granted to private concerns and to public undertakings according to the priorities established for the implementation of the Plan. Because of their importance, the directly productive industries should get priority as far as investment credits are concerned. As to the short-term credits, they will have primarily to be extended to undertakings which promote exports and contribute to production. If necessary, a differential rate of interest will be introduced to stimulate the kind of business which is in conformity with the Second Five year Plan. With a view to completely integrate the banking activity in the framework of the Plan an annual credit programme should be worked out, to be integrated with the annual plan and State Budget.

28. To produce sufficient money to provide credit to the economy, the banks have to extend their operations according to the distribution of tasks and responsibilities to be established by the Government. The activity and operations of the banks will have to be co-ordinated by the Government, particularly through annual credit programmes. In principle, deposits, savings, and current accounts, public funds with the bank and others, have to back the credits to be issued. Therefore, these kinds of operations should be given full attention, because they expand the credit capacity of the banking

system. Insurance companies' activities and the Public Servant Pension Fund will also support the expansion of credits. However, due to the bigger demand for credits, they also have to be extended on account of hoarded money as well as on account of a surplus of currency-backing over current foreign trade requirements. In fact, a more flexible credit policy has to be applied during the next five years in all respects. It should in particular aim at avoiding inflationary pressure which accompanies a fast growth of the economy and investment activity.

29. With the aim of promoting banking and facilitating the implementation of the credit programme for the Second Five Year Plan the Government should reconsider the present bank organization. Besides the State Bank, which should be the central bank and issuing organization, a public commercial bank should be established with a network throughout the country. Local banking and the promotion of current economic activity, as well the mobilization of savings should be the main task of the Commercial Bank. In addition to the Development Bank, which should expand its long-term credit business, a new investment bank should be established to issue medium-term and long-term credits for small and medium-scale undertakings. The Government will also encourage all kinds of insurance business through the insurance companies, and with a view to stabilizing insurance activity it will consider the feasibility of reinsurance in Ethiopia by one of the existing companies.

30. *Foreign Exchange.* — The importance of foreign resources needed for the Second Five Year Plan is emphasized by the nature of the uses for which they are intended. The development of economic sectors as well as of education and public health largely depends on the inflow of foreign exchange, particularly with regard to import of machinery and equipment. Efforts should therefore be made to cover the foreign exchange requirements, since they are an important factor for the fulfilment of the Second Plan. It is well known that Ethiopia is a promising country with rich natural wealth and wide economic possibilities, and her internal and international position is such as to allow for a much more complete economic co-operation with other countries. All this is a realistic foundation for an optimistic outlook in respect to the foreign exchange problem in the frame of the Second Plan.

31. The Government's policy in the next five years will be primarily to rely on the country's economic possibilities. Exports will be promoted to earn more foreign currency, which will be used to import capital goods and goods in process. However, due to the need for foreign exchange being in excess of the regular balance of trade, which will be caused by increasing imports of equipment, additional foreign resources will have to be provided. The Government will, therefore, undertake appropriate measures to extend the inflow of foreign resources, both through economic technical assistance and by attracting foreign investors.

32. With respect to foreign public loans, the Government will endeavour to contract agreements with more foreign countries to provide sufficient foreign funds for the implementation of the programme in general, and especially for the key projects. It is highly desirable to obtain long-term general credits to be allocated according to the priorities of the Second Five Year Plan. In principle, foreign credits will be used for productive projects which will be able to repay the credits out of the returns. Complete financing of development projects, both external and domestic costs, and full economic and technical assistance, to cover all preparatory and construction works, including the training of the Ethiopian personnel, is highly desirable.

33. As regards foreign direct investment, the Government will provide all facilities to encourage prospective foreign investors. Foreign investors will be particularly encouraged to establish new factories, to study and prospect for mineral resources, to open mines, extend large-scale farming etc. Foreign private capital is needed and welcome to Ethiopia, so that the Government will endeavour to make appropriate arrangements to establish mixed companies, Ethiopian and foreign. Existing foreign firms will be encouraged to continue and the Ethiopian firms to reinvest and expand business.

34. Technical Assistance from the United Nations and friendly countries and Grant-in-Aid schemes are expected to play an important role, particularly in the field of social and scientific development. Appreciating the efforts made by other Governments, Ethiopia will contribute to the mutual assistance of nations. The Government will continue to offer educational facilities to African students, to support various international schemes related to the economic and social progress of the developing countries, and to contribute in various ways

to the economic and social co-operation of Nations.

Private and Public Sectors

35. Aiming at improving general economic and social conditions, the Government will promote both private and public sector undertakings. In a mixed economy of Ethiopian type, private and public sectors have to co-operate closely for the progress of the Nation as a whole. Neither the private nor the public sector will have priority, both of them should have equal rights, obligations, and facilities. There will be no limitation to the private sector either in the kind of business or in the size of enterprise. However, the Government will assume the responsibility for the development programmes which are of vital national importance and cannot be accomplished by private concerns.

36. Owing to the lack of entrepreneurship and managerial and technical personnel, the Government will establish public or semi-public economic enterprises. Undertakings of the public sector will have to be accessible to private concerns also. With this in view a Government agency concerened will distribute shares and bonds so as to attract private savers into the economic activity. It is hoped that Ethiopian savers will be sufficiently business and planning-minded to support such Government actions financially and in other respects.

Economic and Social Legislation

37. There is a large field for improvement in the national economy and social life to be achieved through a more adequate and up-to-date legislation. Traditional common law cannot satisfy the new requirements and relationships which are being spread by economic and social progress. So far the legal background of the national life had been established through basic laws and regulations concerning the functions of the Government, and the socio-political relations reveal the need for additional legislation, to lay down the rules of economic and social behaviour and promote the national progress.

38 During the Second Five Year Plan period the legislative bodies will have to pass a series of new laws concerning the status, function, and the rights and obligations of economic units. A planned economy such as the Ethiopian requires a properly defined economic policy and action in economic affairs in general, and particularly in planning. New rules have to be adopted concerning the distribution of economic functions, the facilities to be given to new undertakings, the promotion of trade, industry, agriculture, building and other

activities, and agrarian relations, as well as the regulations which have to assist the implementation of the financial scheme for the Second Plan. Owing to the growing importance of the public and semi-public economy, regulations should be issued to define the place and role of public enterprises in the national economy and to ensure their extension for the benefit of the Nation. Legal provisions, together with the economic and financial measures to be undertaken by the Government, should improve the present institutions and establish an economic system which will encourage and promote the growth of the economy.

39. Social legislation which will have to be introduced during the Second Plan period is also important. Labour legislation is perhaps the most urgent, due to increasing employment and to the need for creating favourable conditions for upgrading skill and efficiency. The protection of handicapped groups of population also calls for the organized action of society, to be properly defined by law. In addition to social legislation, regulations concerning public administration, distribution of responsibility, public servants' rights and duties, etc., would have to be passed.

Development Agencies

40. The implementation of the Second Five Year Plan will of necessity call for the establishing of new development agencies which have to assist the development of the propulsive sectors. Owing to the lack of advisory services concerning economic, technical, and managerial problems, the implementation of various programmes might be hampered. With a view to facilitating the fulfilment of the Plan, both in its techno-economic and financial components, the Government will set up new development agencies to act on behalf of the Government in various fields of economic development.

41. Besides the Development Bank and the new Investment Bank, which will have to deal with long-term credits, the Government will establish a development Fund as an instrument for financing new public undertakings, both in economic sectors and in social services. The income of the Fund at the beginning will be supplied by the State Budget out of the provisions made for investment purposes. Gradually and along with the budgetary reform, the income of the Fund will be provided by the earnings as well as the capital repayments of the public enterprises. The utilization of financial means of

the Development Fund will be decided upon by the annual plans in conformity with the investment targets set out for the current year.

42. A Technical Agency will be set up by the Government to deal with the technical and economic problems of the new projects. The Agency will extend all kinds of services needed for the construction of new projects, such as feasibility studies, techno-economic analyses, designing, execution of works, supervision, etc., primarily to the public sector but also to the private sector. As an autonomous public self-supporting body the Agency should contribute to stability on the investment services market, and thereby assist economic expansion. In addition, an Industrial Promotion Service will be initiated within the Ministry of Commerce and Industry to help domestic and potential foreign investors as regards information, economic conditions, and other relevant matters.

43. The Government will also establish an Agricultural Development Agency to carry out the tasks related to the development of large-scale public and co-operative agricultural undertakings. This Agency should be responsible for all aspects of the extension of modern farming and animal husbandry, such as designing, agricultural research, organization, job training, marketing etc. It will be an autonomous public body to be financed out of Government investment funds and credits, and should gradually become self-supporting. The Agency will co-operate very closely with the Community Development programmes in various fields of activity.

44. During the Second Five Year Plan period the responsibility for feeder road construction, public health, local programmes, primary education, etc., will be transferred from the Government to the provincial authorities. In addition the Government agencies at provincial level will be strengthened to better administrate the various economic and social programmes. With a view to co-ordinating the programmes within the regions and to stimulating local initiative for progress, it is reconmmended that Regional Economic Councils be established as advisory bodies for regional development. The councils should work out regional programmes which should be co-ordinated with the community development schemes and assist the Central Government in establishing priorities for the development of the regions concerned. They should also speed up the progress of the regions by local contribution of finance, material, and labour. After

due consideration the regional development programmes should be incorporated into annual plans provided additional resources can be ensured.

Chapter 26

ADMINISTRATION AND ORGANIZATION

1. Owing to the pace and complexity of the anticipated development, the implementation of the Second Five Year Plan will call for very efficient administration and for adequate organization. To accelerate development, the Government will have to assume increasing responsibility for conomic and social affairs. This is the modern trend. This stresses an efficient public administration for the planning and development sectors. In addition, many institutions which already exist should be strenghtened and new ones should be established in order to adjust the present structure of public administration and national economy to the trends anticipated by the Plan.

2. *Responsibility of Government Departments.* — The distribution of tasks and the responsibility of the Ministries will be adjusted in order to avoid duplication of responsibilities and to define precisely the range of each Ministry. In principle, major economic and social activities will be covered by a single Ministry, and the division of responsibility for a single activity will be avoided. As regards minor economic and social activities, they will be combined according to similarity of the scope and development targets. However, division of work should not prevent co-operation among various Ministries when dealing with common matters. Co-ordination in procedure and action aimed at increasing the efficiency of the whole public administration should be the guiding principle in carrying out the current tasks, keeping in view the total perspective.

3. Due attention will have to be paid to the allocation of the development tasks which are to be carried out by the Ministries. With a view to achieving the targets, both in respect of their content and of time, the Ministries will work out detailed annual plans and quarterly and monthly programmes with all the specifications concerning the tasks, action to be taken, and the responsibilities. The annual plans of the Ministries will have to be co-ordinated and integrated into the National annual plan which is to be approved by the Government, while the quarterly and monthly programmes will be coordinated in respect of resources and financing. When approved, the scheduled annual plan will be the guide to all the Ministries, and a

means for a preliminary co-ordination of the programmes to be underunder taken by the Ministries. The monthly and quarterly programmes, as well as the annual plans, have to be followed up in order to control the degree of implementation of the programmes and plans, and to undertake further measures satisfactorily to fulfil the Second Five Year Plan targets.

4. All the development Ministries and Government Agencies will set up planning and statistical units and will elaborate the annual plans and the quarterly and monthly programmes. The planning and statistical units will also be responsible for the follow-up of the development programmes and will submit evaluation reports for each planned period. The evaluation reports should be in both quantitative and qualitative terms; they should also contain the measures to be recommended for the implementation of the targets. All the departments of the Ministries will have to co-operate fully with the planning units in all the stages of preparation, implementation, and control of the plans. By the end of the current year all the Ministries, those concerned with development, as well as the administrative, will have to submit to the Government annual reports and evaluations of the achievements and failures for the year.

5. Planning, as well as the implementation of the Plan, should not be of a purely administrative nature. The development Ministries should have continuous day-to-day contacts with the economic units, the social service institutions, development agencies, private concerns, etc., to assist the implementation of various programmes and schemes, and to assess their intention and evaluate the progress. On-the-spot control, encouragement and help will be most appropriate methods of action, but without any bureaucratic interference with the responsibility and affairs of others. The Ministries and Government Agencies concerned will have to co-operate especially with the economic and social service units, because only their efficient work and progress can ensure the execution of the national targets.

6. *Co-ordination of the Plans.* Just as the Five Year Plan, the annual plans and quarterly and monthly programmes have to be coordinated and integrated by the planning Office which acts on behalf of the Government in all the technical aspects of planning. The Planning Office will prepare the respective plans and programmes for the

Government's deliberation; it will follow up the Plan, prepare and submit to the Government the evaluation reports, and recommend the measures to be taken by the Government in order to implement the plans in time. In all stages of planning the Planning Office will have to consider the views and suggestions given by the Ministries and Government Agencies.

7. The Standing Preparatory Committees have extended valuable services in the course of elaboration of the Second Five Year Plan and have proved the necessity for a close co-ordination between the various Ministries. With the aim of increasing the efficiency of the planning organs and strenghthening co-ordination, there should be permanent professional co-operation between the Planning Office and the development Ministries and Agencies. The Planning Office will have to ensure the best methods and channels for co-ordination by standard planning forms, uniform methodology etc. The technical committees, consisting of the heads of planning departments, will have to be convened by the Planning Office to consider the common technical issues related to planning. There must be continuous co-operation among all the planning organs in order properly to carry out the preparation of the plans and programmes, their follow-up, and all the preparatory work in respect to policy, decision, and measures,

8. The Government will consider in detail all the plans and programmes submitted by the Planning Office. It will also review the progress and the evaluation reports and take all measures needed for a successful and continuous implementation of the Second Five Year Plan. Whereas the Ministries and the Planning Office will be responsible for all the technical aspects of planning, the Ministers and the Government will bear the political responsibility concerning all decisions in respect of planning. The Government will also inform the public concerning the progress and the problems which arise in the course of the implementation of the Plan.

9. *Annual Plan and Budget.* — It is of paramount importance to have the annual plan co-ordinated with the State Budget, as well as with the annual credit plan. Various projects whose construction has to be financed by the Development Fund, or by bank credits should be clearly stated in the three documents concerned, and they

have to be backed by all technical details needed for their implementation. When approved by the Government and through other procedures, the Annual plan, the Budget, and the Credit plan have to be implemented without delay by the agencies concerned. The documents concerning the Annual plan, and particularly the Budget, have also to foresee the recurrent expenditures for social services, economic services, and public administration according to the tasks set forth the current year. Simultaneously with the Annual plan, the Budget and the Credit plan, the evaluation report concerning the progress achieved in the past year will have to be submitted. The Annual plan has to make provisions for the work started during the past year to be carried over to the new, and that both the economic and social activities will be continuously carried on.

10. *General Administration* will also have to be improved with a view to providing the public with better services, and to creating favourable conditions for economic and social development. Various administrative matters have to be solved without delay and according to the existing laws, in order to meet in time the needs of the business population and various institutions. The efficiency of public administration should be improved and it must rely on better knowledge and higher responsibility of the public servants. It should be stressed that public administration and public servants must provide efficient service to help maintain the legal order of the State and to facilitate the economic and social life of the country. To this end the already appointed Administrative Reform Committee will have to intensify its activity. This is particularly important with regard to the timely preparation and introduction of all necessary regulations in this field.

11. *Public Enterprises.* — The promote economic development and with a view to meeting the Second Five Year Plan targets the Government will establish new public enterprises. Many existing public concerns such as the Ethiopian Electric Light and Power Authority, the Imperial Board of Telecommunications, the Imperial Highway Authority, the Cement and Textile concerns, etc., are evidence of successful public economy. The development anticipated by the Second Plan will call for the setting up of new public or semi-public enterprises in various fields of the economy.

12. When establishing new enterprises the Government will

define precisely their field of activity, production, or business, allot the initial capital, and if necessary make provision for credits. It will also appoint the management, which will have to be responsible for such matters as production, marketing, profits etc., concerning the enterprises. The public and semi-public enterprises shall be autonomous organizations to be run on a profit-making basis.

The line of business and production, as well as other tasks of the enterprises, will be worked out in conformity with the prospective and immediate targets arising from the five-year and annual plans. This will be, in fact, the guide to the management, to be followed and implemented bearing in mind the principle of economy. The management will be responsible for implementing the physical and financial obligations to the Ministry concerned, or to the shareholders in the case of semi-public enterprises. Physical auditing as well as supervision and control should be performed by the Ministry on the basis of progress reports to be submitted by the management, and of on-the-spot inspection. However, no interference with the affairs of the enterprises should be allowed, because the management should be responsible for the success of the business both morally and financially.

13. In the course of the Second Five Year Plan, and after sufficient experience has been gathered on the running of public and semipublic enteprises the Government will pass a Public Enterprise Act to define the tasks, rights, and responsibililities of the public enterprises within the national economy and the development objectives to be achieved by setting up new public and semipublic firms.

14. *Social and Economic Services.* — To increase the efficiency of the social and economic service institutions, the Government will tend to give them autonomy in running their affairs to the utmost possible extent. Proper distribution of the targets, as well as adequate allocation of financial resources, will define the activities of the schools, hospitals, Agricultural Extension Service, Veterinary Service, Road Maintenance, and other public institutions. Within the tasks and responsibilities allotted, the management of the institutions will have to organize and perform their activity with a view to achieving the best results. Each Ministry concerned will co-ordinate the activity of all the institutions under its responsibility, extend all kinds of

assistance, and supervise the work.

15. Many services provided by the public institutions are at present free of charge; if any fee for services is paid by the beneficiaries it is far below actual costs. Exception is made for some services, such as education, prevention of communicable diseases, agricultural extension service, etc. It is socially and economically justified that the beneficiaries should pay for the services recieved. With the aim of gradually introducing fees and charges for the services, studies have to be carried out as to which services could be charged for, how the charges will effect the standard of living of various sections of the population, and what benefits can be derived by transferring some services to self-supporting institutions.

16. *Auditing.* — In a growing economy such as that of Ethiopia, financial auditing is gaining increasing importance both in managing the economy, and from the point of view of State finances. Efforts will therefore be made to improve and extend the auditing services to all firms and institutions, and to obtain the auditing findings and reports on time. Owing to the importance of auditing, it has to be run on an objective, impartial, and purely professional basis. This is why the professional integrity of the auditing personnel should be the main criterion in extending auditing services to new enterprises. The efficiency of the auditors should be increased by permanent in-service training and by upgrading their professional ability and social prestige. To facilitate auditing, as well as to improve the conditions for planning and follow-up within the corporations and public enterprises, the introduction of a uniform bookkeeping system will be considered, in order to introduce it gradually in the course of the Second Five Year Plan period.

17. Special attention should be given to the auditing of public and semipublic enterprises. If public funds have to be allotted for various economic projects, and if the management has to be made responsible for running the public enterprise to the best of its knowledge and consciousness, the Nation must have a control over the

utilization of its funds and should be assured that they are properly used. Thus, auditing is closely related to the public enterprise concept, and should be a very efficient tool in maintaining the integrity of the management and in controling it. In addition, auditing should also help the Government's endeavours to administrate the public affairs on the most economic lines. Finally, proper auditing should also make sure that the private concerns fully respond to their financial obligations towards the State and the Nation.

Chapter 27

SCIENCE AND RESEARCH

1. The future economic and social development of Ethiopia will greatly depend upon how up-to-date scientific and technical achievements are introducted and applied for speeding up progress. Owing to the fact that scientific knowledge and considerations have to be implemented in all economic and social activities, the Government will promote and encourage research work in all the public and private institutions so that it may contribute to the extension of modern knowledge, techniques and practices. It is by no means an exaggeration to say that not only the immediate but also the prospective development of Ethiopia will depend basically on the feasibility and efficiency of introduction and adaption of the world's scientific resources. This is to occur during the Second Five Year Plan which considers the economic, social, and cultural progress to be closely interrelated with the progress of research and science making it an integrated and balanced process. Whereas scientific methods have to be introduced to help the implementation of the Second Plan and future plans, actual practice has to be surveyed and studied in order to learn what benefits have been derived, and how the future development will have to be guided in the light of Ethiopian experience.

2. It is a feature of the contemporary development phase of Ethiopia that the need to introduce and develop research and science is hampered by a great shortage of research and scientific personnel. In the course of the First Five Year Plan period many new institutions were established and were entrusted with carrying out research, prospecting and other applied scientific work. New personnel was trained both in the country and abroad to meet the growing demand in this respect, and technical assistance facilities were provided by many friendly countries. However, the fields to be investigated and studied are expanding at such a pace that neither the domestic institutions and personnel, nor foreign technical assistance can cover all of them without energetic action from the research workers and the Government. In such circumstances research and scientific work has to be started in various educational institutions, research stations, Government agencies, industries, etc., and co-ordinated in order to get

the maximum results from the meagre research network.

3. Although the education of technical and managerial personnel is expected to be a rather minor factor of economic and social development during the Second Five Year Plan, efforts should be made to select and train the best university graduates for research and scientific work in general. Aiming at encouraging and assisting the training and formation of domestic research workers, the Government will provide educational facilities for promising university graduates in Ethiopian institutions and abroad. It is to be expected that young Ethiopians will be more and more interested in science and applied research in order to contribute to the growth of this aspect of national development.

4. In promoting scientific development, the Government policy will be to pay due attention first to the research fields which will have to assist the immidiate implementation of the national development programme, and secondly to encourage basic scientific work which is of a long-range nature. It is to be expected that national development as a whole, economic, educational, social, and cultural, will gradually improve the conditions for extended scientific work, so that better opportunities will be offered in this respect. Research and scientific work which will highlight and clarify past national development and Ethiopian cultural and artistic values will have to be promoted. Though such a broad scope of scientific development is by no means an easy task it may be gradually achieved by the efforts of all the institutions, individuals and other factors concerned.

Development of Statistics

5. In spite of its improvement in the course of the First Five Year Plan period, the present statistical system is by no means adequate to meet the growing demands for statistical data, both by the Government and the general public. In a planned economy reliable statistics have to supply sufficient information to elaborate plans, for their follow-up and for any kind of policy decisions. Further, the expanding economic activity calls for more complete statistical information because the business community as well as various Government Agencies have to rely upon accurate data when carrying out their affairs. Finally, basic statistical data are more and more needed by research institutions for education, general information, etc. This also points to the need to improve the statistical system.

6. In order to improve the present statistical system the Government will review the existing system of statistical information and supplement it to cover the most important fields of statistical activity in a modern country. The revised system of statistical information should consist at least of:

(a) basic statistical data concerning population, agriculture, mining, manufacturing, handicrafts, trade, commerce etc.;

(b) current statistical data on the main economic and social activities, such as mining and manufacturing, foreign trade, investment, financial statistics, education, public health, activity of the various social institutions, etc.;

(c) current statistical data concerning price fluctuation, price indices, standard of living, etc.

The revised system should be such as to make allowance for the elaboration of other statistics needed for planning and follow-up and for applied research. It should aim particularly at providing information for national income and investment statistics, population and vital statistics, balance of trade and balance of payment statistics etc. The methods and techniques to be used for data collecting and processing should be adjusted to existing Ethiopian conditions, to obtain the most reliable and informative statistics.

7. To promote statistical work both on the spot and in the Central Statistical Office and Government Agencies, the Government will pass the Statistical Act stating the rights and obligations of everybody concerned with regard to collecting and utilizing statistical data. The Central Statistical Office will be transferred and put under the responsibility of the Planning Board, while planning and statistical departments will be established in Ministries and Government Agencies. Equipment and other facilities will be provided to ensure up-to-date processing and publishing of statistical data. Statistical work must be properly co-ordinated with planning, since both are part of the Government's guidance toward social and economic development.

8. Due consideration should be given to the recruiting and training of statistical staff. Field personnel have to be appointed to various regions and trained for every kind of field work, and must be supervised by adequately trained statistical supervisors. The statistical staff

in the central statistical agencies as well as in Government departments has to be given in-service training, while senior statisticians will have to be trained abroad to carry through the most complex statistical tasks. Gradually, and according to the availability of Ethiopian senior statisticians, in-service training in the Central statistical agency, as well as the teaching of statistics at the University and secondary schools, has to be expanded. For the implementation of the programme already stated, the Second Five Year Plan has made a provision of Eth. $ 4.9 million for recurrent expenditures, and Eth. $ 29 million investment for equipment. It should be pointed out that the financial resources which are anticipated for the development of statistics have to be expanded, bearing in mind economy in statistical work. All statistical surveys must be designed in such a way as to save to the utmost extent on personnel, financial resources, and equipment.

Applied Economic Research

9. In addition to the surveys of current economic and social activity, evaluation reports and other forms of current economic analyses and applied economic research have to be developed during the Second Five Year Plan period. So far, economic research and basic studies are lacking in Ethiopia, particulary those which are to be available to the general public. The first study of the Ethiopian economy made in 1955 (G.C.), as well as the research work done within the framework of the elaboration of the Second Five Year Plan, are no doubt a fair beginning of economic research, since they cover nearly all the fields of the national economy. However, owing to the inadequate statistical material which was used, they have to be reviewed and brought up to date.

10. Many subjects have to be studied in the coming five-year period but some of them should have top priority. A study of national products and their composition should have high priority. Other studies should be devoted to agricultural structure, the long-term trends of Ethiopian foreign trade, regional economic development with particular reference to the availability of resources, propulsive industries, investment structure and demographic affairs. Obviously, applied economic research has to be carried out on the basis of available statistical information, and the statistical programme has therefore to be worked out in full conformity with the economic research

programme.

11. In addition to basic economic research which is of a long-term character, surveys and investigation of various economic and social prolems have to be undertaken. The best method recommended for such inquiries is to study the various statistical surveys to be carried out by the central statistical agency. In this respect, the study of price trends, the standard of living studies, enrolment and turnout of various educational institutions, manufacturing industry analyses etc. are particularly important. It is to be expected that basic economic research and other studies will provide sufficient material gradually to build up the theory of Ethiopian economic development, which is particularly needed for a long-term economic and social development programme. An Ethiopian economic development theory is especially necessary since it must be related to Ethiopia's natural wealth, density of population, and other factors which are an incentive to progress.

12 Being the central agency which deals with various problems concerning the economic and social development of the country, the Office of the Planning Board will be entrusted by the Government to carry out basic and other applied economic and social research. With this in view the Government will strengthen the Office, appoint the necessary research staff, and provide the Office with the necessary facilities. Owing to the lack of experienced research personnel, the Office should organize adequate in-service training in economic research and theory for its own staff and the staff-members of other institutions. It should also publish the main findings of various studies, in order to make them available to the interested institutions and individuals.

Other Applied Research

13. For well known historical reasons Ethiopian territory and natural resources are far from being completely surveyed and propected. This is one of the serious obstacles to a better utilization of natural wealth and the formulation of a suitable policy. During the First Five Year Plan period much had been added to the existing knowledge, but the vast and abundant resources of the country are not yet fully known. The Second Five Year Plan, therefore, anticipates very intensive research and prospecting work to be performed

for nearly all varieties of natural resources. Research, surveys, and prospecting are considered by the Second Five Year Plan to be among the most important factors not only for the Second Five Year Plan development programme, but also in respect of the long-term development objectives and targets. Many of the research and prospecting targets have already been stated in the previous chapters, so that only a summary will be given here in order to emphasize the volume of the tasks, and point out the need for co-ordinated action of the various agencies responsible for research and prospecting works.

14. *Technical Research.* — The establishment of technical and technological research is one of the most important tasks of scientific work to be done in the field of industrial development of the country. The contemporary technical evaluation assumes intensive investigation of a technological nature in all the spheres of production. Actually this evaluation is identical with the progress made in technical and technological research devoted to the most rational and economical utilization of the relevant resources. It is true that Ethiopia, like all the developing countries, has the advantage of being able to apply the results of modern science when starting new undertakings. But in spite of this possibility it is necessary to accompany the industrial development with appropriate research, which has to explore at least those peculiarities of technological processes under different circumstances, which are always present.

15. *Agricultural Research.* Agricultural Research in the course of the Second Plan period should experiment with various varieties, methods, and techniques in the field of cultivation, cattle raising, and the introduction of improved tools and implements. The best varieties, breeds, and types which will be selected will have to be popularized and made available to the farmers in order to increase plant production and animal husbandry.

16. In the field of plant production, scientific institutions will lay stress on those crops which are of the highest significance in the diet of the population, in supplying domestic industry, and in increasing exports and reducing imports. They are, in the first place, cereals, oil seeds, pulses, coffee, cotton, coarse fibre crops, fruits and vegetables. Experiments and investigation in this field should be so directed as to determine:

(a) the possibility of expanding the cultivation of these crops in the regions where some of them have not yet been grown;

(b) the most effective technical methods for cultivation by applying the existing, as well as more up-to-date means of production;

(c) effective plant protection from current diseases and pests;

(d) the most economic technical methods of crop irrigation;

(e) the most favourable varieties of crops in respect to yield, quality of the products, resistance to diseases, etc.;

(f) which types of modern tools and implements should be introduced in the different regions of the country, in respect of the quality and durability of material, facility and effect in use, repairs etc.

17. For the purpose of promoting animal husbandry the scientific institutions should give priority to:

(a) detailed studies to determine the existing potential of domestic cattle in respect of productivity and the quality of meat and milk by applying a ranch-system in feeding (in actual practice this can be applied on a fairly broad basis);

(b) further improvement of the existing potential by organized selection, or by crossing domestic cattle with corresponding imported breeds;

(c) determining the most suitable feeding method and livestock management, and in relation with this, corresponding methods of preparing and preserving livestock feed for the dry period in all the important regions of livestock raising;

(a) the creation of a domestic breed of sheep for wool production, by crossing with corresponding merino types, and at the same time improving the weight and quality of meat;

(e) studying the most effective measures of livestock protection from contagious diseases, parasites. etc.

18. *Geology and Mining.* — The existing knowledge of the mineral wealth and energy potential of Ethiopia is insufficient for a more intensive development and a rational long-term location of industry. This fact is an important limiting factor to the industries which depend on mineral raw materials, so that the important task of research work in this field is to remove this limitation. For this reason prospecting for mineral resources should be given a high priority and

it should be set on a broader basis. It should cover a much larger number of raw materials than has been the case so far, and explore much more territory. This will put more emphasis on the execution of the basic task of prospecting, which is to obtain as soon as possible, a picture of the total mineral wealth of the country, as well as of its structure, volume, quality, and location.

19, Whereas a complete exploration of mineral resources demands considerable funds, skilled personnel, and a longer period of time. (and all this cannot be provided in the course of the Second Five Year Plan), immediate tasks of surveying and prospecting should assist and facilitate the trend of industrial development during the Second Five Year Plan period. It should deal particularly with:

(a) raw materials for energy supply (coal, crude oil, gas, nuclear raw materials and others);

(b) raw materials for the basic industry (iron ore, manganese, chromium, nickel, molybdenum, copper, cobalt, galena and other raw materials);

(c) raw materials for the industry of building materials (cement raw material, quartzite, limestone, asbestos, gypsum, clay, ornamental stone, and other materials for a rapid and easy production of building materials);

(d) raw materials for the chemical industry (salts, coal, oil, sulphur, potash, quartzites and other raw material).

Prospecting for gold, platinum and potash should continue, but should not be exclusive because, regardless of their effect on the balance of payments, they cannot serve as a basis for a broad long-term industrial development.

20. Of particular significance is the prospecting of iron ore deposits in order to determine where the prospective regions for the steel industry may be found. The possibilities and conditions of exploitation should be ascertained, as well as the available supply of sources of energy. It is also necessary to endeavour to complete the exploration for crude oil, and to get information whether coal deposits with possibilities of economic exploitation exist, and if so, where.

21. Aerial prospecting as a method of exploration should be applied wherever possible and effective, to create a sound basis for geological exploration in the selected regions. A fixed programme for

the aerial prospecting of individual regions should be worked out. The findings and results of the completed prospecting operations should be summarized and made available to all those who are interested in mining (domestic, foreign, public and private entrepreneurs) in order to join exploration with exploitation as directly as possible. This has to be supported by an adequate solution of all relevant legislative and administrative issues.

22. *Water Resources.*— Research and surveys of water resources should have a much more multipurpose approach during the Second Five Year Plan period. Although the abundant water resources have to be very carefully utilized to ensure sufficient water for electric power generation and irrigation, as well as for water supply to the population and future industries, it is of paramount importance to co-ordinate in time all the various uses of water in order to achieve the best utilization of other resources, such as land, mineral wealth, industrial potential, etc. Having this in mind all the agencies concerned have to co-ordinate their programmes of water utilization properly, and to rank the priorities according to the prospective development of various regions. In addition, water power as a source of energy has to be supplemented by other sources, for which research and surveys must to be carried out in the course of the Second Five Year Plan.

23. *Multipurpose Surveys of the River Valleys.* During the past years great progress has been made in surveying the promising valleys of the great Ethiopian rivers such as the Awash, Blue Nile, Wabi Shebelli, and others. In the course of the Second Plan new development projects will have to be undertaken in the regions concerned, as the result of research carried out so far. The Second Plan has made provisions to continue the surveys, but it should be pointed out that the survey authorities have to co-ordinate their work with the work of other agencies involved in the development programmes in the valley regions. From the point of view of acceleration the exploitation of natural resources in the valleys it is very important to start other research schemes on time, particularly agricultural research, weather and rain measurements, surveys for road construction, etc. It is highly desirable to carry out all the research and survey projects on time, in order to reduce the period between the beginning of research and the starting of exploitation.

24. *Meteorology.*— Due to the small number of stations meteorological data are avialable only for some regions of the country. In addition, not much data have been published, so that various projects which depend on climatic and weather conditions have to be postponed until the necessary information has been collected. At present there are many places where meteorological observation might be introduced through various institutions and individuals. The Government will therefore take steps to extend the network of meteorological observations. It will provide the agency concerned with facilities to collect and publish the data, so as to ensure basic uniform information in respect to the climatic and weather conditions.

25. *Mapping*, which is at present carried out by several institutions and on only a partial basis, should be centralized and properly co-ordinated. Since it is a precondition of many other activities (regional and physical planning, transport planning, geological and mining research, national defence, etc.), it has to be standardized and based on a comprehensive programme. This programme should contain the general solution of mapping problems, viewed from the national standpoint, and has to ensure the beginning of a general mapping of the country as soon as possible.

Scientific Development

26. The University, as well as other competent institutions, is expected to pay due attention to the development of the basic sciences. During the Second Five Year Plan period perhaps the educational aspects of training Ethiopian personnel who will assume responsibility for further development and teaching in the sciences concerned will have to be emphasized. Because of their importance in the theoretical and applied fields, mathematics, physics, chemistry biology, and other sciences should get a higher priority at the University than they have had so far. Whenever possible, joint schemes have to be established by co-operation of the Ethiopian and foreign scientists, either on a bilateral basis or within the United Nations Technical Assistance Programme. Individual efforts, as well as efforts of various institutions to develop basic sciences should be encouraged by the Government.

27. Ethiopia is a country with one of the oldest cultures in Africa and a national continuity of several thousands of years. However, this

cultural and historical wealth is insufficiently explored, and it is a duty Ethiopia owes to herself and to the world to advance basic research and information in this field. National history, national geography, linguistic studies, archaeology, sociology, as well as other subjects belonging to the human sciences and dealing with Ethiopia's past and present should therefore take their proper place in the overall scientific development. The findings and results which come out of the research and studies, as soon as they have been scrutinized and ascertained to be scientific and objective, should be made available to the national and international public. The programmes of the University and secondary and primary schools will have to include the respective findings, in order to assist the extension of the cultural values of Ethiopia to the new generation. The leading principle in developing scientific work should be that not only should Ethiopians derive benefits from cultural and scientific heritage from other countries, but they should also contribute to the world's cultural and scientific wealth.

28. The traditional way of orally transmitting knowledge and cultural values from one generation to the other can no longer meet the increasing need for science and culture. Therefore, literature on the national arts, scientific and technical knowledge, has to be published in order to preserve the traditions and develop modern science. However, it is not an easy task to implement this during the Second Five Year period only. The building up of national literature in all spheres requires much devoted work through many years and decades. Meanwhile, the Second Five Year Plan as a national challenge should also encourage the scientists, research workers, etc., to contribute their share to national progress. The Government will continue to assist the publication of national literature as it has been doing in the past, but other factors are also invited to help in this national endeavour.

Co-ordination of Scientific Work

29. The programme of scientific development set out by the Second Five Year Plan, either directly or indirectly, is an important part of overall national development. It is faced with limited human and financial resources which might tend to upset its fulfilment. In such circumstances co-ordination of all efforts intended to expand science and research, and close co-operation among all the institutions

and individuals concerned are factors to favour the anticipated development. It should be pointed out that the limitations of human and financial resources will be, to a large extent, overcome by a rational distribution of tasks, by a proper utilization of the results and findings of others, and by a mutual assistance in performing scientific development targets.

30. The Government can only take partial responsibility for prospecting, surveys, research, and science in general by assigning the respective tasks to its agencies. The greatest part of the responsibility is assigned to the University, colleges, and various educational, scientific and cultural institutions which are expected to co-ordinate their activity along the lines discussed in this chapter. To promote co-operation among the competent institutions, public, autonomous, and private, and to facilitate the co-ordination of scientific programmes, the Government will sponsor the establishment of a National Council for Scientific Co-ordination. The Council should be an independent body to bring together the representatives of all research and scientific institutions as well as individual scientists and research workers, with the purpose of encouraging and co-ordinating scientific and research work.

31. Many improvements are expected from the implementation of the Second Five Year Plan in the economic, social, and cultural fields in general. The scientific progress which is anticipated by the Plan, not only as a consequence of social and economic growth, but also as a cornerstone of future development, should be an important asset in the next five-year plan.

THE PLANNING ORGANIZATIONS OF ETHIOPIA

I. Planning Board

The Planning Board * is presided by His Imperial Majesty Haile Selassie I. The members of the Board are: His Highness Crown Prince Merid Azmatch Assfaw Wossen, the members of the Crown Council, the Prime Minister and the Ministers of the Crown. This Board is a policy making body, and meets from time to time to review the overall economic and social situation, and to decide upon major development policies.

II. Planning Board Executive Organ *

The Planning Board Executive Organ is chaired by H.E. Tsehafi Taezaz Aklilou Habte Wold, Prime Minister and Minister of the Pen. The members of the Executive Organ are: The Ministers of Finance, Agriculture, Commerce and Industry, Public Works and Communications, P.T.T., Community Development, Public Health, Education, Information, Mines and State Domains, and Governor of the State Bank of Ethiopia.

The Planning Board — Executive Organ is the Executive Body of the Board. It initiates economic and social development policies and measures and gives instructions to Ministries, the Planning Office, technical agencies and other Government and private agencies for the elaboration of economic and development surveys, annual plans and medium and long-term plans. It is responsible for the follow-up of the implementation of the development plans and for the co-ordination of the economic and social development of the Nation.

III. The Planning Board Technical Co-ordination Committee

This Committee is chaired by the executive head of the Office of the Planning Board. The members of this Committee are executive heads of Planning Units, ** established in the Ministries and/or agencies dealing with economic and social development. The Commitee reviews the various proposals and recommendations of the Office of the Planning Board and submits its recommendations to the Planning Board Executive Organ.

*** The Planning Board, Executive Organ and Planning Board Office have been set up by Imperial Order before starting the first Five-Year Plan.**

**** See V. of this Appendix.**

IV. The Office of the Planning Board

The Office of the Planning Board is the Secretariat of the Planning Board and its Executive Organ. It has a technical staff to serve the planning organs as a whole. This Office co-operates with the Central Statistical Office, the Technical Agency, the Planning Units of various Ministries, Haile Selassie 1st University, the Investment Office, the Chamber of Commerce of Ethiopia, and other Planning Organs in carrying out the preparation of the development plan(s), evaluation reports about the implementation of the plan (s), applied economic and social research, publication and running training courses. It is empowered to have access to economic and social statistical data and reports, and all other relevant facts related to its work. from the Ministries, the Government and private agencies.

The Head of the Office of the Planning Board is the Executive Secretary of the Board. He is assisted by a deputy head and by a Secretary General, heads of sections and other staff members. He is empowered to administer the Office and to deal directly with the Ministeries, agencies and private sectors of economy, as well as international organizations concerning the preparation, co-ordination and implementation of the development plan (s), and research work and training courses.

V. Planning Units in the Executive Ministries and/or Agencies

Planning Units are established in the executive Ministries and/or agencies headed by senior officials of the Government. The functions of the Planning Units are to plan the activities of their Ministries and agencies, research and statistics, to prepare and follow-up the implementation of the development plans and departmental co-ordination. These Planning Units have direct contacts with the Office of the Planning Board. The head of each Planning Unit is responsible to his Minister, and is liaison with the Office of the Planning Board and with the Planning Units of other Ministries and agencies in the course of preparing the development plan (s), co-ordination, and in the course of implementation of said plan (s) and research work and training courses. The head of each Planning Unit is empowered to deal directly with the Planning Board Departments, with a view to co-ordinate and inspect the work of the departments and agencies of his Ministry and/or Agency. He is a member of the Planning Board Technical Co-ordinating Committee.

VI. Standing Committees

In addition to the Planning Organs mentioned above, there are the following six Standing Committees responsible for inter-mininsterial co-ordination and decisions follow-up :

1. Planning and Investment Committee
2. Finance and Credit Committee
3. Trade Committee
4. Social Development Committee
5. Land Reform and Settlement Committee
6. Legislation Committee

Ministries and Agencies in the development sector and the Office of the Planning Board are members of these Committees. Each Committee is chaired by the representative of a Ministry or Agency which is directly concerned with the work of the Committee.

VII. Technical Agency and Development Fund

Technical Agency and Development Fund are set up under the Planning Board as an additional mechanism, for the furtherance of development plan (s). The Office of the Planning Board, the Central Statistical Office, the Technical Agency and the other organs of the Planning Board work under the direct supervision of the Planning Board Executive Organ.

VIII. Executive Ministries

Executive Ministries, Agencies, the Chamber of Commerce of Ethiopia and other business bodies participate and co-operate in the preparation of development plans, and are responsible for implementing the approved tasks, measures and policies as stated in the development plan (s).

CORRIGENDA

Page	*Par.*	*Line*	*Error :*	*Correct to :*
17		22	the social development	the living condition of the people and the social development of the country in general.
44	15	13	peroid	period
103	15	15	expendend	expended
148	5(m)	2	Exetension	Extension
160	7	Table	Coal —	Coal 300
181	2	8	eesential	essential
186	12	Table (Index)	(19542 = 100)	(1954 = 100)
186	12	Table (Chem. Ind.)	36 110	36 100
196	27	Table (Gross Value of Prod.)	396 575	369 575
222	13	2	Fife	Five
227	26	1	27.	26.
245	9	Table (Branches)	1954 1959 = 100)	Percentage Index 1954 1959 (1954=100)
254	35(a)	2	but is	but it
280	13(b)	Table (Professional Level Staff)	32	22
281	(ii)		A new TB hospital with 1t	A new TB hospital with 125 beds will be opened.
344	1	1	The promote	To promote
352	8	10	29 million	2 million
355	17	14	(a)	(d)